

AMENDED IN SENATE JUNE 12, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 1459

Introduced by Committee on Budget (Skinner (Chair), Bloom, Campos, Chesbro, Dababneh, Daly, Dickinson, Gordon, Jones-Sawyer, Mullin, Muratsuchi, Nazarian, Rodriguez, Stone, Ting, and Weber)

January 9, 2014

~~An act relating to the Budget Act of 2014.~~ *An act to amend Sections 17224, 17250.30, and 81704 of the Education Code, to amend Sections 6204, 6531, 11270, 11544, 12153, 12168.7, 12224, 12225, 12227, 12228, 12229, 12230, 12231, 12232, 12233, 12236, 12432, 12478, 13300.5, 13332.11, 13332.19, 13963.1, 14740, 14745, 14746, 16429.1, 16731.6, 17090, 17091, 17093, 17094, 17095, 17096, 17097, 17617, 22802, 22910, 22910.5, and 22913 of, to add Section 20035.11 to, to add Article 7 (commencing with Section 12270) to Chapter 3 of Part 2 of Division 3 of Title 2 of, to add Chapter 10 (commencing with Section 11850) to Part 1 of Division 3 of Title 2 of, to repeal Sections 11548.5, 12234, 12235, and 26915 of, to repeal Article 3 (commencing with Section 14750), Article 4 (commencing with Section 14755), Article 6 (commencing with Section 14765), and Article 7 (commencing with Section 14769) of Chapter 5 of Part 5.5 of, and to repeal Chapter 7 (commencing with Section 15849.20) of Part 10b of, Division 3 of Title 2 of, the Government Code, to amend Sections 50661, 51452, and 53545 of, and to repeal Sections 50840, 50841, and 50842 of, the Health and Safety Code, to amend Sections 135, 1771.5, 1771.7, and 1776 of, to add Sections 1725.5, 1771.1, and 1771.4 to, and to repeal and add Sections 1771.3 and 1773.3 of, the Labor Code, to amend Section 179 of the Military and Veterans Code, to amend Sections 1485.5 and 13835.7 of the Penal Code, to amend Sections 20133, 20175.2, 20193,*

20209.7, 20688.6, and 20919.3 of, and to repeal and add Sections 6823 and 6953 of, the Public Contract Code, and to repeal and add Sections 100152 and 103396 of the Public Utilities Code, to amend Section 75.70 of, and to add Section 95.5 to, the Revenue and Taxation Code, to amend Sections 1112, 1112.5, 1114, 1126, 1127, 1135, and 1585.5 of the Unemployment Insurance Code, and to amend Section 2 of Chapter 469 of the Statutes of 2002, relating to state and local government, and making an appropriation therefor, to take effect immediately, bill related to the budget.

LEGISLATIVE COUNSEL'S DIGEST

AB 1459, as amended, Committee on Budget. ~~Budget Act of 2014.~~
State and local government.

(1) *Existing law requires a school district to be subject to nonuse payments, except as specified, if the school district acquires or has acquired a site for school purposes, as determined by the State Allocation Board, and the school district does not use the site within 5 years of the date of acquisition for kindergarten or any of grades 1 to 8, inclusive, or within 7 years of the date of acquisition for grades 7 to 12, inclusive; or a site at any grade level that has previously been used but has not been used for school purposes within the preceding 5 years. Existing law requires the Executive Officer of the State Allocation Board to compute and certify to the Controller the amount of the nonuse payments. Existing law requires the Controller to deduct the total amount of the payment, as specified, from apportionments made to the school district from the State School Fund and transfer the amount so deducted to the State School Site Utilization Fund. Existing law requires any funds in the State School Site Utilization Fund, including interest, that are not subject to return to a school district, as specified, to revert to the State School Deferred Maintenance Fund.*

This bill would instead require any funds in the State School Site Utilization Fund, including interest, that are not subject to return to a school district, as specified, to be allocated, upon appropriation by the Legislature, for purposes of administering the Leroy F. Greene School Facilities Act of 1998. The bill would require any unencumbered funds in the State School Deferred Maintenance Fund on July 1, 2014, to be transferred to the State School Site Utilization Fund.

(2) *Existing law, with exceptions, requires all workers employed on a public works project, as specified, to be paid the general prevailing*

wage rate, as determined by the Director of Department of the Industrial Relations. The department is required to monitor and enforce compliance with all applicable prevailing wage requirements for any public works project paid for in whole or in part out of public funds, as specified. The reasonable and directly related costs of monitoring and enforcing compliance with the applicable prevailing wage requirements on a public works project incurred by the department are payable by the awarding body of the public works project, except as specified, as a cost of construction. The moneys are deposited into the State Public Works Enforcement Fund, a continuously appropriated fund, to be used in the department's monitoring and enforcement duties.

This bill would revise and recast these provisions to, among other things, delete the requirement that the awarding body pay the department's costs for monitoring and enforcing compliance with prevailing wage requirements as a cost of construction, and would instead require a contractor to be registered and qualified by the department in order to bid on, be listed in a bid proposal for, or engage in the performance of any contract for a public work. Beginning July 1, 2014, a contractor or subcontractor would be required to register with the department, pay an initial nonrefundable registration fee of \$300, pay an annual renewal fee each July 1 thereafter, and as part of the registration process, provide specified information to establish the contractor's eligibility to be registered. The bill would except from the application of these provisions contracts determined to be for public work only after the contract has been awarded or the bid has been awarded, except as specified. The bill would require the department to maintain a list of registered contractors on its Internet Web site.

The fees would be deposited into the State Public Works Enforcement Fund, which would no longer be continuously appropriated, and would be used only for the reasonable costs of administering the registration and qualification of contractors, the costs and obligations associated with administration and enforcement requirements with regard to the prevailing wage provisions, and public works projects monitoring and enforcement duties of the Labor Commissioner. The bill would provide for an adjustment of renewal fees based on the balance of the fund, as specified. These provisions would apply to any bid proposal submitted on or after March 1, 2015, and any contract for public work entered into on or after April 1, 2015. The bill also would provide for notice, record keeping, and reporting requirements, as specified.

This bill would authorize the Director of Finance, with the concurrence of the Secretary of the Labor Workforce and Development Agency, to approve a short-term loan each fiscal year from the Labor and Workforce Development Fund to the State Public Works Enforcement Fund, as provided.

This bill would also make conforming changes and delete obsolete provisions with regard to specified awarding body compliance programs and specified awarding body collective bargaining agreements.

(3) The Public Employees' Retirement Law (PERL) prescribes a comprehensive set of rights and duties for members of the Public Employees' Retirement System (PERS) and provides those members a defined benefit based upon age, service credit, and final compensation. PERL provides various definitions of final compensation based upon when PERS members are first employed and member classifications. Existing law, the California Public Employees' Pension Reform Act of 2013 (PEPRA), establishes various limits on retirement benefits generally applicable to a public employee retirement system in the state, with specified exceptions. PEPRA defines final compensation for members of public employee retirement systems hired after January 1, 2013, as specified.

This bill would provide for the phased application of specified salary increases to supervisors and managers of State Bargaining Unit 9 and State Bargaining Unit 10, effective July 1, 2014, for the purposes of defining final compensation and calculating pensionable compensation or compensation earnable in relation to pensions and benefits. The bill would require these supervisors and managers to pay employee retirement contributions on the full amount of the salary increase provided pursuant to the pay letter and would prohibit a refund of the contributions unless a supervisor or manager elects a full refund of retirement contributions and ceases to be a member of the retirement system. The bill would require that any increased costs of administration of these provisions would be paid by the employers. The bill would prescribe duties for the Department of Human Resources and the Controller in connection with implementing and administration of these provisions.

(4) Existing law requires the Secretary of State to appoint a Keeper of the Archives who is responsible for the preservation and indexing of material deposited in the State Archives.

This bill would change the title of that position to Chief of Archives.

Existing law requires the Department of General Services to manage state records.

This bill would instead require the Secretary of State to manage state records and the Department of General Services to store state records, as specified.

Existing law authorizes the Workers' Compensation Appeals Board, with the approval of the Department of Finance, to dispose of specified files the board maintains.

This bill would instead require the board to obtain the approval of the Secretary of State.

This bill would also make technical, nonsubstantive, and conforming changes to these provisions.

(5) Existing law creates the Department of Technology Services Revolving Fund within the State Treasury to receive all revenues from the sale of technology or specified technology services, for other services rendered by the Department of Technology, and all other moneys properly credited to the Department of Technology and to be used, upon appropriation by the Legislature, for specified purposes with respect to the administration of the Department of Technology. Existing law authorizes the Department of Technology to collect payments and require monthly payments from public agencies that have requested services for the services provided.

This bill would instead authorize the Department of Technology to collect payments and require monthly payments from public agencies for services provided.

(6) Existing law, until January 1, 2015, creates within the Government Operations Agency the Department of Technology which is supervised by the Director of Technology. Existing law authorizes the Director of Technology and the Department of Technology to exercise various powers in creating and managing the information technology policy of the state among other things.

This bill would extend the operation of these provisions indefinitely.

(7) Existing law requires the Department of Finance to certify annually to the Controller the amount determined to be the fair share of administrative costs due and payable from each state agency and to certify to the Controller any amount redetermined to be the fair share of administrative costs due and payable from a state agency. Existing law requires the Controller to notify a state agency of that amount, and, unless the state agency requests that those payments be deferred, to transfer that amount from specified funds to the Central Service Cost

Recovery Fund or the General Fund, as specified. Existing law defines “administrative costs” as the amounts expended by various specified state entities for supervision or administration of the state government or for services to the various state agencies.

Within that definition, this bill would make technical changes by updating the names of various states entities and would also make a conforming change.

(8) Existing law requires the Department of Finance, the Controller, the Treasurer, and the Department of General Services to collaboratively develop, implement, utilize, and maintain the Financial Information System for California, also known as FISCAL, to optimize the financial business management of the state. Existing law establishes the FISCAL Internal Services Fund, the FISCAL Support Fund, the FISCAL Debt Service Fund, and the FISCAL System Development Fund in the State Treasury, and provides that funds in the FISCAL Internal Services Fund and a specified subaccount are continuously appropriated. Existing law authorizes the State Public Works Board to issue bonds, notes, or certificates to finance and to refinance the costs of the FISCAL system and authorizes loans from the General Fund to pay for the costs of the FISCAL system. Existing law authorized the FISCAL Project Office in the Department of Finance to establish rates and a payment schedule for state departments and agencies to use the FISCAL system.

This bill would repeal these provisions and establish instead revised and modified provisions continuing the existence of the FISCAL system pursuant to the Financial Information System for California (FISCAL) Act. The act would, among other things, require the Department of Finance, the Controller, the Treasurer, and the Department of General Services to collaboratively develop, implement, utilize, and maintain the FISCAL system to be used upon full implementation, by all state departments and agencies, as defined. The act would require, throughout the development of the FISCAL system, the California State Auditor’s Office to independently monitor the FISCAL system as the California State Auditor deems appropriate in accordance with certain factors.

The act would continue the existence of the FISCAL Internal Services Fund and create the FISCAL Consolidated Payment Fund for consolidated payments to payees of moneys otherwise appropriated to those payees from the State Treasury. The act would require the FISCAL project office, subject to the approval of the Department of Finance, to establish and assess fees and a payment schedule for state departments and agencies to use or interface with the FISCAL system. The act would

further require the office and the FISCAL Service Center to obtain fingerprint images and associated information from any employee, prospective employee, contractor, subcontractor, volunteer, vendor, and partner agency employee assigned to the office whose duties include, or would include, having access to confidential or sensitive information or data on the network or computing infrastructure. The act would authorize individuals, based on the results of their background check performed through the fingerprint identification, to be rejected from employment, as specified.

The act would establish the FISCAL Service Center to incrementally assume responsibility of the FISCAL system functionality, as portions of the FISCAL system are implemented and accepted, and to, upon full implementation and final acceptance of the FISCAL system, perform all maintenance and operation of the FISCAL system.

Existing law authorizes the Controller, if a warrant is lost or destroyed before it is paid by the Treasurer, to issue of a duplicate warrant under specified conditions and subject to certain limitations.

This bill would replace the term “duplicate” with “replacement” and make other nonsubstantive conforming changes.

(9) Existing law authorizes, until June 30, 2014, the Controller to procure, modify, and implement a new human resource management system that meets the needs of a modern state government, known as the 21st Century Project.

This bill would extend that authorization for one more year, until June 30, 2015.

(10) Existing law, except as specified, prohibits any state agency from expending funds appropriated for capital outlay projects or for design-build projects until the Department of Finance and the State Public Works Board have approved preliminary plans for a capital outlay project, or concept drawings and performance criteria for a design-build project. Existing law authorizes the board to augment a major capital outlay project or a design-build project in an amount of up to 20% of the total appropriation for that project, including a reasonable construction reserve within the project construction fund. Existing law authorizes the board to use the reserve amount to augment a capital outlay project or design-build project, when and if necessary, after the lease revenue bonds are sold to ensure completion of the project. Existing law requires, upon completion of a capital outlay project or design-build project, that any amount remaining in the construction reserve fund be used to offset rental payments.

This bill would delete that offset requirement for both capital outlay projects and design-build projects.

(11) Existing law establishes the Local Agency Investment Fund, a trust fund in the custody of the Treasurer, in which local governments and other specified governmental entities, with the required consent, may deposit for investment moneys in their treasuries that are not required for immediate needs. Existing law requires, immediately at the conclusion of each calendar quarter, that all interest earned and other increment derived from investments be distributed by the Controller to the contributing governmental units or entities, as specified, in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the amounts remained therein. Existing law requires, however, that an amount equal to the reasonable costs incurred in administering the fund, not to exceed a maximum of 5% of the earnings of the fund or the amount appropriated in the annual Budget Act for this function, be deducted from the earnings prior to distribution and be credited as reimbursements to the state agencies incurring costs in administering the fund.

This bill would, if the 13-week Daily Treasury Bill Rate, as published as of the last day of the state's fiscal year, is below 1%, increase the amount of reasonable costs to be so deducted from the earnings to a maximum of 8% of the earnings of this fund for the subsequent fiscal year, as specified.

(12) The State General Obligation Bond Law generally provides for a procedure that may be adopted by other acts, with any necessary modifications, in authorizing the issuance and sale of state general obligation bonds and providing for the repayment of those bonds. Existing law authorizes the financing committee created by the bond act to issue bonds in the form of commercial paper notes. Under existing law, an amount to pay interest payable on maturing commercial paper notes and other costs associated with the commercial paper is continuously appropriated from the General Fund.

This bill would specify that the above-described costs associated with the commercial paper include any fees, costs, indemnities, and other similar expenses incurred under or in connection with agreements to purchase commercial paper notes. The bill would limit the specified costs to an annual amount that does not exceed, depending upon the type of cost, 3% of the maximum principle amount of commercial paper notes that could be purchased and outstanding at any one time pursuant

to an agreement or 0.25% of the highest sum of the maximum principle amount of commercial paper notes authorized by certain resolutions.

(13) Existing law, the Public Employees' Medical and Hospital Care Act (PEMHCA), which is administered by the Board of Administration of the Public Employees' Retirement System (board), authorizes the board to contract for health benefit plans for employees and annuitants, as defined, which may include employees and annuitants of contracting agencies. Contributions and premiums paid under PEMHCA are deposited in the Public Employees' Health Care Fund and the Public Employees' Contingency Reserve Fund, both of which are continuously appropriated. Existing law requires the state, contracting agencies, employees, and annuitants to contribute to the cost of providing the benefit coverage under the applicable approved health benefit plans. Existing law requires the Controller to identify and remit the state's contributions for employees and annuitant monthly to the Public Employees' Health Care Fund or to the carriers, as defined, together with amounts authorized by the employees and annuitants to be deducted from their salaries or retirement allowances for payment of their contributions. Existing law requires the contributions of employees and annuitants of contracting agencies and the contributions of contracting agency employers to be identified and remitted monthly to the carriers by warrant upon claims filed by the board.

This bill would create a continuously appropriated account in the Public Employees' Contingency Reserve Fund for the deposit of contributions by the state, employees, and annuitants for the payment of premiums or other charges to carriers or the Public Employees' Health Care Fund. By providing for deposit of new moneys into continuously appropriated funds, this bill would make an appropriation. The bill would require the Controller to remit contributions of the state, contracting agencies, employees, and annuitants currently required to be directed to the Public Employees' Health Care Fund or to the carriers to instead remit those moneys to the Public Employees' Contingency Reserve Fund. The bill would make technical and conforming changes.

(14) Existing law authorizes the Orange County Board of Supervisors to elect, for a period of up to 2 years, that any requirement that an audit be performed by the county auditor may also be performed by a county employee or officer who meets specified qualifications.

This bill would repeal this authorization.

(15) Existing law creates the Housing Rehabilitation Loan Fund and continuously appropriates moneys in the fund for, among other purposes, making specified deferred payment housing rehabilitation loans.

Existing law creates the California Housing Trust Fund and continuously appropriates moneys deposited in the fund for the purposes of investment of those moneys. Existing law authorizes, upon appropriation by the Legislature, all interest or other increment resulting from the investment of moneys in the fund to be used for housing programs that serve lower and very low income households, as specified.

This bill would, effective July 1, 2014, abolish the California Housing Trust Fund and require any remaining balance, assets, liabilities, and encumbrances to be transferred to and become part of the Housing Rehabilitation Loan Fund. The bill would continuously appropriate all transferred amounts to the Department of Housing and Community Development for the purpose of satisfying any liabilities and encumbrances and for the purposes of the Housing Rehabilitation Loan Fund. The bill would repeal the continuous appropriation of the moneys in the California Housing Trust Fund for investment purposes and would repeal authorization for the moneys in the fund to be used for housing programs.

Existing law establishes the Homebuyer Down Payment Assistance Program and the Rental Assistance Program, which are administered by the California Housing Finance Agency pursuant to a contract with the Department of General Services, to provide assistance in the amount of the applicable school facility fee for affordable housing developments. Existing law establishes the School Facilities Fee Assistance Fund, which is continuously appropriated to the Department of General Services for the purposes of those programs.

This bill would, effective July 1, 2014, abolish the School Facilities Fee Assistance Fund and transfer any remaining balance, assets, liabilities, and encumbrances in the fund as of that date to the Housing Rehabilitation Loan Fund. The bill would provide that transferred amounts are continuously appropriated to the Department of Housing and Community Development for the purpose of satisfying any liabilities, encumbrances, and purposes related to the abolished fund.

(16) The Housing and Emergency Shelter Trust Fund Act of 2006, adopted and approved by the voters at the November 7, 2006, statewide general election, authorized the issuance of bonds in the amount of

\$2,850,000,000 pursuant to the State General Obligation Bond Law. Under the act, \$135,000,000 is transferred to the Joe Serna, Jr. Farmworker Housing Grant Fund to be expended for the programs authorized by the Joe Serna, Jr. Farmworker Housing Grant Program which includes grants, loans, or both, to local public entities, nonprofit corporations, limited liability companies, and limited partnerships, for the construction or rehabilitation of housing for agricultural employees and their families, subject to specified requirements.

This bill would add the Department of Housing and Community Development as an eligible recipient for this grant program to reconstruct and rehabilitate migrant centers that are in need of significant repairs or rehabilitation to ensure the health and safety of residents. This bill would exempt the Department of Housing and Community Development from the recipient requirements specified by the Joe Serna, Jr. Farmworker Housing Grant Program. This bill, to the extent no other funding sources are available, would permit the Department of Housing and Community Development to directly expend up to \$11,000,000 of the transferred moneys to reconstruct and rehabilitate migrant centers.

(17) Existing law requires the Adjutant General to establish a California State Military Museum and Resource Center and to enter into an operating agreement with the California State Military Museum Foundation to conduct the day-to-day operations of the museum, as specified. Existing law appropriates \$100,000 for each fiscal year from the General Fund to the California State Military Museum for the establishment and operation of the museum and resource center.

This bill would instead appropriate that amount to the Military Department for the establishment and operation of the California State Military Museum and Resource Center. This bill would remove the requirement that the Adjutant General enter into an operating agreement with the California State Military Museum Foundation and would instead authorize the Adjutant General to enter into operating agreements with nonprofit historical foundations, military museums, historical societies or other entities to conduct museum activities pursuant to the rules and regulations promulgated hereunder.

Existing law requires the museum to consist of specified facilities.

This bill would instead authorize the museum to consist of those facilities.

Existing law requires the Board of Directors of the California State Military Museum Foundation to include the Adjutant General, or the

Assistant Adjutant General, or any Deputy Adjutant General designated by the Adjutant General, as an ex officio voting member of the board.

This bill would remove the membership requirements of the board of directors.

Existing law requires the California State Military Museum Foundation to perform specified duties and grants the foundation the authorization to make specified determinations or engage in specified activities related to the museum.

This bill would instead require the Military Department to perform those duties and authorize the Military Department or an entity that enters into an operating agreement with the department to make those determinations or engage in those specified activities related to the museum.

(18) Existing law authorizes every person who is unlawfully imprisoned or restrained of his or her liberty to prosecute a writ of habeas corpus to inquire into the cause of that imprisonment or restraint, and provides for the release of that person if no legal cause is shown for his or her imprisonment or restraint. Existing law provides that if the district attorney or Attorney General stipulates to or does not contest the factual allegations underlying one or more of the grounds for granting a writ of habeas corpus or a motion to vacate a judgment, the facts underlying the basis for the court's ruling or order shall be binding on the Attorney General, the factfinder, and the California Victim Compensation and Government Claims Board. Existing law also provides that the express factual findings made by the court in considering a petition for habeas corpus, a motion to vacate judgment on the basis of newly discovered evidence relating to misconduct by a government official, as specified, or an application for a certificate of factual innocence, is binding on the Attorney General, the factfinder, and the California Victim Compensation and Government Claims Board.

This bill would provide that a court, for purposes of those provisions governing binding factual allegations and express factual findings, is defined as a state or federal court.

(19) Existing law establishes in the State Treasury the Victim-Witness Assistance Fund, to be administered by the Office of Emergency Services. Existing law requires the moneys in the fund to be made available through the Office of Emergency Services to any public or private nonprofit agency for the assistance of victims and witnesses and for the support of specified victim counseling centers.

This bill would additionally authorize the moneys in the fund to be used for any other purpose that supports victims.

(20) The California Victim Compensation and Government Claims Board administers a program to assist state residents to obtain compensation for their pecuniary losses suffered as a direct result of criminal acts. Payment is made under these provisions from the Restitution Fund, which is continuously appropriated to the board for these purposes. Existing law authorizes the board, as specified, to administer a program to award, upon appropriation by the Legislature, up to \$2,000,000 in grants to trauma recovery centers for up to a maximum period of 3 years, funded from the Restitution Fund.

This bill would instead state the intent of the Legislature to annually appropriate \$2 million from the Restitution Fund.

(21) Existing property tax law requires the county auditor to allocate and pay certain property tax revenues to designated local jurisdictions within the county in accordance with specified formulas, including allocating and paying remaining revenues to all elementary, high school, and unified school districts within the county in proportion to each school district's average daily attendance, as certified by the Superintendent of Public Instruction for the purposes of the advance apportionment of state aid in the then current fiscal year. That law requires the average daily attendance of certain school districts to be deemed to be zero.

This bill would require the county auditor, if the average daily attendance of all elementary, high school, and unified school districts within the county is deemed to be zero, to reallocate the school district revenues to other designated local jurisdictions in proportion to each entity's percentage of revenues in comparison to the aggregate total of revenues.

By imposing new duties in the annual allocation of ad valorem property tax revenues, this bill would impose a state-mandated local program.

(22) Existing law established, until the end of the 2006–07 fiscal year, the State-County Property Tax Administration Grant Program under which a county that enacted a specified resolution and met certain conditions was authorized to receive from the state a grant, if funds were appropriated for this purpose, of a specified amount of money for property tax administration, as specified.

This bill would, for the 2014–15 fiscal year to the 2016–17 fiscal year, establish the State-County Assessors' Partnership Agreement

Program, to be administered by the Department of Finance, under which counties selected by the Department of Finance, as specified, would receive funding for certain property tax administration purposes. Funding for the program would be subject to appropriation in the annual budget, and would require the program to be inoperative in any fiscal year in which an appropriation is not provided. This bill would require county assessors' offices that elect to participate in the program to transmit a resolution and an application, as specified, to the Department of Finance, and would require each participating county to annually match the program funds apportioned to its county assessor's office. This bill would also require each participating county assessor's office to report specified information to the Department of Finance while the program is operative. This bill would require the Department of Finance to submit a report that includes specified information for each fiscal year that the program was in operation to the Joint Legislative Budget Committee.

(23) Existing law requires every employer, with specified exceptions, to pay contributions to the Unemployment Fund at specified rates to fund the payment of unemployment compensation benefits to eligible unemployed individuals and requires those employers to submit specified reports regarding those contributions. Existing law imposes a penalty upon employers who, without good cause, fail to pay contributions, fail to remit payments by electronic funds transfer, fail to file specified returns and reports, where the Director of Employment Development is not satisfied with the return or report, and where an assessment becomes delinquent. The funds are deposited into the Employment Development Department Contingent Fund, a continuously appropriated fund.

This bill would, on and after July 1, 2014, increase the penalty amounts from 10% to 15%, where applicable, and from \$10 to \$20, where applicable. By increasing the amount of funds deposited into a continuously appropriated fund, this bill would make an appropriation.

(24) The Personal Income Tax Law imposes a tax on the income of California residents and on the income that nonresidents derive within California. Existing law requires the Employment Development Department to administer the reporting, collection, and enforcement of personal income tax wage withholding and deposits any penalties and interest related to the withholding of personal income tax into the Employment Development Department Contingent Fund. Existing law requires the Director of the Employment Development Department to

estimate the amount of penalties and interest collected related to the withholding of personal income tax and transfer that amount into the Personal Income Tax Fund on a quarterly basis.

This bill would suspend that transfer for the 2014–15 fiscal year.

(25) Existing law specifies that the total amount due to each city, county, city and county, and special district in reimbursement of state-mandated local costs, as specified, be appropriated for payment to these entities over a period of not more than 15 years, commencing with the Budget Act for the 2006–07 fiscal year and concluding with the Budget Act for the 2020–21 fiscal year. Existing law provides that there shall be no appropriation for payment of reimbursement claims pursuant to these provisions for the 2012–13, 2013–14, and 2014–15 fiscal years.

This bill would delete the 2014–15 fiscal year from that latter provision.

(26) The Economic Revitalization Act establishes the Governor’s Office of Business and Economic Development, also known as “GO-Biz,” to, among other duties, serve the Governor as the lead entity for economic strategy and the marketing of California on issues relating to business development, private sector investment, and economic growth.

This bill would appropriate \$2,000,000 from the General Fund to GO-Biz, on a one-time basis, to be used to draw down federal funding in support of the Small Business Development Center Network Program. This bill would also make these funds available for encumbrance and expenditure until June 30, 2017.

(27) This bill would declare that it is to take effect immediately as a bill providing for appropriations related to the Budget Bill.

(28) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

~~*This bill would express the intent of the Legislature to enact statutory changes relating to the Budget Act of 2014.*~~

Vote: majority. Appropriation: ~~no~~-yes. Fiscal committee: ~~no~~ yes. State-mandated local program: ~~no~~-yes.

The people of the State of California do enact as follows:

1 *SECTION 1. Section 17224 of the Education Code is amended*
2 *to read:*

3 17224. (a) Any funds in the State School Site Utilization Fund,
4 including interest, that are not subject to return to a school district
5 pursuant to Section 17223 ~~shall revert to the Deferred Maintenance~~
6 ~~Fund.~~ *shall, upon appropriation by the Legislature, be allocated*
7 *for purposes of administering the Leroy F. Greene School Facilities*
8 *Act of 1998 (Chapter 12.5 (commencing with Section 17070.10)*
9 *of Part 10).*

10 (b) *Any unencumbered funds in the State School Deferred*
11 *Maintenance Fund on July 1, 2014, shall be transferred to the*
12 *State School Site Utilization Fund.*

13 *SEC. 2. Section 17250.30 of the Education Code is amended*
14 *to read:*

15 17250.30. (a) Any design-build entity that is selected to design
16 and build a project pursuant to this chapter shall possess or obtain
17 sufficient bonding to cover the contract amount for nondesign
18 services, and errors and omissions insurance coverage sufficient
19 to cover all design and architectural services provided in the
20 contract. This chapter does not prohibit a general or engineering
21 contractor from being designated the lead entity on a design-build
22 entity for the purposes of purchasing necessary bonding to cover
23 the activities of the design-build entity.

24 (b) Any payment or performance bond written for the purposes
25 of this chapter shall use a bond form developed by the Department
26 of General Services pursuant to subdivision (g) of Section 14661
27 of the Government Code. The purpose of this subdivision is to
28 promote uniformity of bond forms to be used on school district
29 design-build projects throughout the state.

30 (c) (1) All subcontracts that were not listed by the design-build
31 entity in accordance with Section 17250.25 shall be awarded by
32 the design-build entity.

33 (2) The design-build entity shall do all of the following:

34 (A) Provide public notice of the availability of work to be
35 subcontracted.

36 (B) Provide a fixed date and time on which the subcontracted
37 work will be awarded.

1 (3) Subcontractors bidding on contracts pursuant to this
2 subdivision shall be afforded the protections contained in Chapter
3 4 (commencing with Section 4100) of Part 1 of Division 2 of the
4 Public Contract Code.

5 (4) (A) If the school district elects to award a project pursuant
6 to this section, retention proceeds withheld by the school district
7 from the design-build entity shall not exceed 5 percent if a
8 performance and payment bond, issued by an admitted surety
9 insurer, is required in the solicitation of bids.

10 (B) In a contract between the design-build entity and a
11 subcontractor, and in a contract between a subcontractor and any
12 subcontractor thereunder, the percentage of the retention proceeds
13 withheld shall not exceed the percentage specified in the contract
14 between the school district and the design-build entity. If the
15 design-build entity provides written notice to any subcontractor
16 who is not a member of the design-build entity, prior to or at the
17 time the bid is requested, that a bond may be required and the
18 subcontractor subsequently is unable or refuses to furnish a bond
19 to the design-build entity, then the design-build entity may withhold
20 retention proceeds in excess of the percentage specified in the
21 contract between the school district and the design-build entity
22 from any payment made by the design-build entity to the
23 subcontractor.

24 (5) In accordance with the provisions of applicable state law,
25 the design-build entity may be permitted to substitute securities
26 in lieu of the withholding from progress payments. Substitutions
27 shall be made in accordance with Section 22300 of the Public
28 Contract Code.

29 (d) (1) For contracts for public works projects awarded prior
30 ~~to the effective date of the regulations adopted by the Department~~
31 ~~of Industrial Relations pursuant to subdivision (g) of Section 1771.5~~
32 ~~of the Labor Code, January 1, 2012,~~ the school district shall
33 establish and enforce a labor compliance program containing the
34 requirements outlined in Section 1771.5 of the Labor Code or shall
35 contract with a third party to operate a labor compliance program
36 containing the requirements outlined in Section 1771.5 of the Labor
37 Code. This requirement shall not apply to projects where the school
38 district or the design-build entity has entered into a collective
39 bargaining agreement that binds all of the contractors performing
40 work on the project.

(2) For contracts for public works projects awarded on or after the effective date of the regulations adopted by the Department of Industrial Relations pursuant to subdivision (g) of Section 1771.5 of the Labor Code, the school district shall reimburse the department for its reasonable and directly related costs of performing prevailing wage monitoring and enforcement on public works projects pursuant to rates established by the department as set forth in subdivision (h) of Section 1771.5 of the Labor Code. All moneys collected pursuant to this subdivision shall be deposited in the State Public Works Enforcement Fund created by Section 1771.3 of the Labor Code, and shall be used only for enforcement of prevailing wage requirements on those projects. *January 1, 2012, the project shall be subject to the requirements of Section 1771.4 of the Labor Code.*

(3) ~~In lieu of reimbursing the Department of Industrial Relations for its reasonable and directly related costs of performing, monitoring, and enforcement on public works projects, the school district may elect to continue operating an existing previously approved labor compliance program to monitor and enforce prevailing wage requirements on the project if it has either not contracted with a third party to conduct its labor compliance program and requests and receives approval from the department to continue its existing program or it enters into a collective bargaining agreement that binds all of the contractors performing work on the project and that includes a mechanism for resolving disputes about the payment of wages.~~

SEC. 3. Section 81704 of the Education Code is amended to read:

81704. (a) Any design-build entity that is selected to design and build a project pursuant to this chapter shall possess or obtain sufficient bonding to cover the contract amount for nondesign services, and errors and omission insurance coverage sufficient to cover all design and architectural services provided in the contract. This chapter does not prohibit a general or engineering contractor from being designated the lead entity on a design-build entity for the purposes of purchasing necessary bonding to cover the activities of the design-build entity.

(b) Any payment or performance bond written for the purposes of this chapter shall use a bond form developed by the Department of General Services pursuant to subdivision (i) (g) of Section 14661

1 of the Government Code. The purpose of this subdivision is to
2 promote uniformity of bond forms to be used on community college
3 district design-build projects throughout the state.

4 (c) (1) All subcontracts that were not listed by the design-build
5 entity in accordance with Section 81703 shall be awarded by the
6 design-build entity in accordance with the design-build process
7 set forth by the community college district in the design-build
8 package.

9 (2) The design-build entity shall do all of the following:

10 (A) Provide public notice of the availability of work to be
11 subcontracted.

12 (B) Provide a fixed date and time on which the subcontracted
13 work will be awarded.

14 (3) Subcontractors bidding on contracts pursuant to this
15 subdivision shall be afforded the protections contained in Chapter
16 4 (commencing with Section 4100) of Part 1 of Division 2 of the
17 Public Contract Code.

18 (4) (A) If the community college district elects to award a
19 project pursuant to this section, retention proceeds withheld by the
20 community college district from the design-build entity shall not
21 exceed 5 percent if a performance and payment bond, issued by
22 an admitted surety insurer, is required in the solicitation of bids.

23 (B) In a contract between the design-build entity and a
24 subcontractor, and in a contract between a subcontractor and any
25 subcontractor thereunder, the percentage of the retention proceeds
26 withheld shall not exceed the percentage specified in the contract
27 between the community college district and the design-build entity.
28 If the design-build entity provides written notice to any
29 subcontractor who is not a member of the design-build entity, prior
30 to or at the time the bid is requested, that a bond may be required
31 and the subcontractor subsequently is unable or refuses to furnish
32 a bond to the design-build entity, then the design-build entity may
33 withhold retention proceeds in excess of the percentage specified
34 in the contract between the community college district and the
35 design-build entity from any payment made by the design-build
36 entity to the subcontractor.

37 (5) In accordance with the provisions of applicable state law,
38 the design-build entity may be permitted to substitute securities
39 in lieu of the withholding from progress payments. Substitutions

1 shall be made in accordance with Section 22300 of the Public
2 Contract Code.

3 (d) (1) For contracts for public works projects awarded prior
4 to the effective date of the regulations adopted by the Department
5 of Industrial Relations pursuant to subdivision (g) of Section 1771.5
6 of the Labor Code, *January 1, 2012*, the community college district
7 shall establish and enforce a labor compliance program containing
8 the requirements outlined in Section 1771.5 of the Labor Code or
9 shall contract with a third party to operate a labor compliance
10 program containing the requirements outlined in Section 1771.5
11 of the Labor Code. This requirement shall not apply to projects
12 where the community college district or the design-build entity
13 has entered into a collective bargaining agreement that binds all
14 of the contractors performing work on the project.

15 (2) For contracts for public works projects awarded on or after
16 the effective date of the regulations adopted by the Department of
17 Industrial Relations pursuant to subdivision (g) of Section 1771.5
18 of the Labor Code, the community college district shall reimburse
19 the department for its reasonable and directly related costs of
20 performing prevailing wage monitoring and enforcement on public
21 works projects, pursuant to rates established by the department as
22 set forth in subdivision (h) of Section 1771.5 of the Labor Code.
23 All moneys collected pursuant to this subdivision shall be deposited
24 in the State Public Works Enforcement Fund created by Section
25 1771.3 of the Labor Code, and shall be used only for enforcement
26 of prevailing wage requirements on those projects. *January 1,*
27 *2012, the project shall be subject to the requirements of Section*
28 *1771.4 of the Labor Code.*

29 (3) ~~In lieu of reimbursing the Department of Industrial Relations~~
30 ~~for its reasonable and directly related costs of performing~~
31 ~~monitoring and enforcement on public works projects, the~~
32 ~~community college district may elect to continue operating an~~
33 ~~existing previously approved labor compliance program to monitor~~
34 ~~and enforce prevailing wage requirements on the project if it has~~
35 ~~either not contracted with a third party to conduct its labor~~
36 ~~compliance program and requests and receives approval from the~~
37 ~~department to continue its existing program or it enters into a~~
38 ~~collective bargaining agreement that binds all of the contractors~~
39 ~~performing work on the project and that includes a mechanism for~~
40 ~~resolving disputes about the payment of wages.~~

1 *SEC. 4. Section 6204 of the Government Code is amended to*
2 *read:*

3 6204. (a) For purposes of this chapter, the following definitions
4 shall apply:

5 (1) “Archivist” means the ~~Keeper of the~~ *Chief of Archives*, as
6 specified in Section 12227.

7 (2) “Record” has the same meaning as “public records” is
8 defined in subdivision (e) of Section 6252, and includes, but is not
9 limited to, any writing containing information relating to the
10 conduct of the public’s business prepared, owned, used, or retained
11 by a state or local agency regardless of physical form or
12 characteristics.

13 (3) “Secretary” means the Secretary of State.

14 (b) Whenever the secretary, in consultation with the archivist,
15 has reasonable grounds to believe that a record belonging to the
16 state or a local agency is in the possession of a person, organization,
17 or institution not authorized by law to possess ~~those records~~, *that*
18 *record*, the secretary may issue a written notice demanding that
19 person, organization, or institution to do either of the following
20 within 20 calendar days of receiving the notice:

21 (1) Return the record to the appropriate state or local agency.

22 (2) Respond in writing and declare why the record does not
23 belong to the state or a local agency.

24 (c) The notice and demand issued pursuant to subdivision (b)
25 shall identify the record claimed to belong to the state or local
26 agency with reasonable specificity, and shall state that the secretary
27 is authorized to take legal action to recover the record if the person,
28 organization, or institution fails to respond in writing within the
29 required time or does not adequately demonstrate that the record
30 does not belong to the state or a local agency.

31 (d) The secretary shall send the notice and demand specified in
32 subdivision (b) by certified or registered mail, return receipt
33 requested.

34 (e) When a record is returned pursuant to paragraph (1) of
35 subdivision (b), upon the request of the person, organization, or
36 institution that returned the record, the secretary or a local agency
37 that receives the record shall issue to that person, organization, or
38 institution a copy or digital image of the record, which shall be
39 certified as a true copy of the record that was returned to the state
40 or local agency, and dated on the same day the record was returned.

1 *SEC. 5. Section 6531 of the Government Code is amended to*
2 *read:*

3 6531. (a) The Legislature finds and declares all of the
4 following:

5 (1) It is in the best interests of communities located within the
6 City of San Diego for the local public agencies that have
7 jurisdiction within the city to form a joint powers agency to provide
8 for the orderly and coordinated acquisition, construction, and
9 development of model school projects. These projects may include
10 the acquisition of land by negotiation or eminent domain, the
11 construction of schools, the construction of recreational facilities
12 or park sites or both, and the construction of replacement and other
13 housing, including market rate, moderate-income, and low-income
14 housing.

15 (2) The coordinated construction of these projects by
16 redevelopment agencies, school districts, housing authorities,
17 housing commissions, and the city is of great public benefit and
18 will save public money and time in supplying much needed
19 replacement housing lost when schools are constructed within
20 existing communities.

21 (3) Legislation is needed to allow redevelopment agencies,
22 school districts, housing authorities, housing commissions, and
23 the city to use their powers to the greatest extent possible to
24 expedite, coordinate, and streamline the construction and eventual
25 operation of such projects.

26 (b) (1) Notwithstanding any other provision of law, the
27 Redevelopment Agency of the City of San Diego, the Housing
28 Authority of the City of San Diego, the San Diego Housing
29 Commission, the San Diego Unified School District, and the City
30 of San Diego may enter into a joint powers agreement to create
31 and operate a joint powers agency for the development and
32 construction of a model school project located within the City
33 Heights Project Area. The agency created pursuant to this section
34 shall be known as the San Diego Model School Development
35 Agency. The San Diego Model School Development Agency shall
36 have all the powers of a redevelopment agency pursuant to Part 1
37 (commencing with Section 33000) of Division 24 of the Health
38 and Safety Code, all of the powers of a housing authority pursuant
39 to Part 2 (commencing with Section 34200) of Division 24 of the
40 Health and Safety Code, and all of the powers of the San Diego

1 Unified School District, as well as all the powers of a joint powers
2 agency granted pursuant to this chapter, to acquire property and
3 to construct and improve and finance one or more schools, housing
4 projects, parks, recreational facilities, and any other facilities
5 reasonably necessary for their proper operation. Further, the San
6 Diego Model School Development Agency shall have all of the
7 powers of the City of San Diego pursuant to its charter and state
8 law to acquire property and to finance and operate parks and
9 recreational facilities and any other facilities reasonably necessary
10 for their proper operation.

11 (2) Notwithstanding paragraph (1), neither the San Diego Model
12 School Development Agency nor the Redevelopment Agency of
13 the City of San Diego shall expend any property tax increment
14 revenues to acquire property, and to construct, improve, and finance
15 a school within the City Heights Project Area.

16 (3) Nothing in this section shall relieve the San Diego Model
17 School Development Agency or the Redevelopment Agency of
18 the City of San Diego from its obligations to increase, improve,
19 and preserve the community's supply of low- and moderate-income
20 housing, including, but not limited to, the obligation to provide
21 relocation assistance, the obligation to provide replacement
22 housing, the obligation to meet housing production quotas, and
23 the obligation to set aside property tax increment funds for those
24 purposes.

25 (4) The San Diego Model School Development Agency shall
26 perform any construction activities in accordance with the
27 applicable provisions of the Public Contract Code, the Education
28 Code, and the Labor Code that apply, respectively, to the
29 redevelopment agency, housing authority, housing commission,
30 school district, or city creating the San Diego Model School
31 Development Agency. Funding pursuant to Proposition MM, a
32 local San Diego County bond measure enacted by the voters for
33 the purpose of school construction, shall be used only for the
34 design, development, construction, and financing of school-related
35 facilities and improvements, including schools, as authorized and
36 to the extent authorized under Proposition MM.

37 (c) Any member of the joint powers agency, including the school
38 district, may, to the extent permitted by law, transfer and contribute
39 funds to the agency, including bond funds, to be deposited into
40 and to be held in a facility fund to be expended for purposes of the

1 acquisition of property for, and the development and construction
2 of, any school, housing project, or other facility described in this
3 section.

4 (d) Nothing contained in this section shall preclude the joint
5 powers agency from distributing funds, upon completion of
6 construction, the school, housing project, park, recreational facility,
7 or other facility to a member of the agency to operate the school,
8 housing project, park, or other facility that the member is otherwise
9 authorized to operate. These distribution provisions shall be set
10 forth in the joint powers agreement, if applicable.

11 (e) The San Diego Model School Development Agency may
12 construct a school in the City Heights Project Area pursuant to
13 Chapter 2.5 (commencing with Section 17250.10) of Part 10.5 of
14 the Education Code.

15 (f) (1) For contracts for public works projects awarded prior to
16 ~~the effective date of the regulations adopted by the Department of~~
17 ~~Industrial Relations pursuant to subdivision (g) of Section 1771.5~~
18 ~~of the Labor Code, January 1, 2012, the San Diego Model School~~
19 Development Agency shall establish and enforce, with respect to
20 construction contracts awarded by the joint powers agency, a labor
21 compliance program containing the requirements outlined in
22 Section 1771.5 of the Labor Code or shall contract with a third
23 party to operate a labor compliance program containing those
24 requirements. This requirement shall not apply to projects where
25 the agency has entered into a collective bargaining agreement that
26 binds all of the contractors and subcontractors performing work
27 on the project, but nothing shall prevent the joint powers agency
28 from operating a labor compliance program with respect to those
29 projects.

30 (2) For contracts for public works projects awarded on or after
31 ~~the effective date of the regulations adopted by the Department of~~
32 ~~Industrial Relations pursuant to subdivision (g) of Section 1771.5~~
33 ~~of the Labor Code, the agency shall reimburse the department for~~
34 ~~its reasonable and directly related costs of performing prevailing~~
35 ~~wage monitoring and enforcement on public works projects~~
36 ~~pursuant to rates established by the department as set forth in~~
37 ~~subdivision (h) of Section 1771.5 of the Labor Code. All moneys~~
38 ~~collected pursuant to this subdivision shall be deposited in the~~
39 ~~State Public Works Enforcement Fund created by Section 1771.3~~
40 ~~of the Labor Code, and shall be used only for enforcement of~~

1 prevailing wage requirements on those projects. January 1, 2012,
2 the project shall be subject to the requirements of Section 1771.4
3 of the Labor Code.

4 (3) ~~In lieu of reimbursing the Department of Industrial Relations~~
5 ~~for its reasonable and directly related costs of performing~~
6 ~~monitoring and enforcement on public works projects, the San~~
7 ~~Diego Model School Development Agency may elect to continue~~
8 ~~operating an existing previously approved labor compliance~~
9 ~~program to monitor and enforce prevailing wage requirements on~~
10 ~~the project if it has either not contracted with a third party to~~
11 ~~conduct its labor compliance program and requests and receives~~
12 ~~approval from the department to continue its existing program or~~
13 ~~it enters into a collective bargaining agreement that binds all of~~
14 ~~the contractors performing work on the project and that includes~~
15 ~~a mechanism for resolving disputes about the payment of wages.~~

16 (g) Construction workers employed as apprentices by contractors
17 and subcontractors on contracts awarded by the San Diego Model
18 School Development Agency shall be enrolled in a registered
19 apprenticeship program, approved by the California Apprenticeship
20 Council, that has graduated apprentices in the same craft in each
21 of the preceding five years. This graduation requirement shall be
22 applicable for any craft that was first deemed by the Department
23 of Labor and the Department of Industrial Relations to be an
24 apprenticeable craft prior to January 1, 1998. A contractor or
25 subcontractor need not submit contract award information to an
26 apprenticeship program that does not meet the graduation
27 requirements of this subdivision. If no apprenticeship program
28 meets the graduation requirements of this subdivision for a
29 particular craft, the graduation requirements shall not apply for
30 that craft.

31 *SEC. 6. Section 11270 of the Government Code is amended to*
32 *read:*

33 11270. As used in this article, “administrative costs” means
34 the amounts expended by the Legislature, the Legislative Counsel
35 Bureau, the Governor’s Office, the ~~California Technology Agency,~~
36 *Department of Technology*, the Office of Planning and Research,
37 the Department of Justice, the State Controller’s Office, the State
38 Treasurer’s Office, the State Personnel Board, the Department of
39 Finance, the Financial Information System for California, the
40 Office of Administrative Law, the Department of Human

Resources, ~~the Secretary of State and Consumer Services, the~~
Secretary of California Health and Human Services, ~~the Bureau~~
~~of State Audits, the California State Auditor's Office,~~ and the
California State Library, and a proration of any other cost to or
expense of the state for services or facilities provided for the
Legislature and the above agencies, for supervision or
administration of the state government or for services to other state
agencies.

SEC. 7. Section 11544 of the Government Code is amended to
read:

11544. (a) The Technology Services Revolving Fund, hereafter
known as the fund, is hereby created within the State Treasury.
The fund shall be administered by the Director of Technology to
receive all revenues from the sale of technology or technology
services provided for in this chapter, for other services rendered
by the Department of Technology, and all other moneys properly
credited to the Department of Technology from any other source,
to pay, upon appropriation by the Legislature, all costs arising
from this chapter and rendering of services to state and other public
agencies, including, but not limited to, employment and
compensation of necessary personnel and expenses, such as
operating and other expenses of the Department of Technology,
and costs associated with approved information technology
projects, and to establish reserves. At the discretion of the Director
of Technology, segregated, dedicated accounts within the fund
may be established. The amendments made to this section by the
act adding this sentence shall apply to all revenues earned on or
after July 1, 2010.

(b) The fund shall consist of all of the following:

(1) Moneys appropriated and made available by the Legislature
for the purposes of this chapter.

(2) Any other moneys that may be made available to the
Department of Technology from any other source, including the
return from investments of moneys by the Treasurer.

(c) The Department of Technology may collect payments from
public agencies for providing services to ~~those agencies that the~~
~~agencies have requested from the Department of Technology.~~
client agencies. The Department of Technology may require
monthly payments by client agencies for the services ~~the agencies~~
~~have requested.~~ *provided.* Pursuant to Section 11255, the Controller

shall transfer any amounts so authorized by the Department of Technology, consistent with the annual budget of each department, to the fund. The Department of Technology shall notify each affected state agency upon requesting the Controller to make the transfer.

(d) At the end of any fiscal year, if the balance remaining in the fund at the end of that fiscal year exceeds 25 percent of the portion of the Department of Technology's current fiscal year budget used for support of data center and other client services, the excess amount shall be used to reduce the billing rates for services rendered during the following fiscal year.

SEC. 8. Section 11548.5 of the Government Code is repealed.

~~11548.5. This chapter shall remain in effect only until January 1, 2015, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2015, deletes or extends that date.~~

SEC. 9. Chapter 10 (commencing with Section 11850) is added to Part 1 of Division 3 of Title 2 of the Government Code, to read:

CHAPTER 10. THE FINANCIAL INFORMATION SYSTEM FOR CALIFORNIA (FISCAL)

Article 1. General Provisions

11850. This chapter shall be known, and may be cited, as the Financial Information System for California (FISCAL) Act.

11852. For purposes of this chapter, the following terms shall have the following meanings:

(a) "Approved FISCAL Project documents" means any Special Project Report approved by the Department of Technology, or its successor agency, for the FISCAL, as may be amended, augmented, or changed by any subsequent approved Special Project Report or legislative action.

(b) "Cost or costs of the FISCAL system" means all costs related to the acquisition, design, development, installation, and deployment, maintenance, operation, and enhancement of the system, including, but not limited to, software, hardware, licenses, upgrades, training, facilities, contractors, and staff.

(c) "Cost allocation plan" means the plan described in Section 11874.

1 (d) “FISCAl” means the Financial Information System for
2 California.

3 (e) “FISCAl Internal Services Fund” means the fund created
4 pursuant to Section 11870.

5 (f) “FISCAl Service Center” means the entity created pursuant
6 to Section 11890.

7 (g) “Interface” means to communicate or interoperate with the
8 FISCAl system.

9 (h) “Office” means the FISCAl project office.

10 (i) “State departments and agencies” means all state offices,
11 officers, departments, divisions, bureaus, boards, commissions,
12 organizations, or agencies, claims against which are paid by
13 warrants drawn by the Controller, and whose financial activities
14 are reported in the annual financial statement of the state or are
15 included in the annual Governor’s Budget, including, but not
16 limited to, the California State University, the University of
17 California, the legislative branch, and the judicial branch.

18 (j) “System” or “FISCAl system” means a single integrated
19 financial management system for the state that encompasses the
20 management of resources and dollars as described in the approved
21 FISCAl Project documents and includes the information required
22 by Section 11862.

23 11854. The Legislature intends that the FISCAl system meet
24 all of the following objectives:

25 (a) Replace the state’s aging legacy financial management
26 systems and eliminate fragmented and diverse reporting by
27 implementing standardized financial management processes and
28 systems across all departments and control agencies. For purposes
29 of this subdivision, “financial management” means accounting,
30 budgeting, cash management, asset accounting, vendor
31 management, and procurement.

32 (b) Increase competition by promoting business opportunities
33 through the use of electronic bidding, online vendor interaction,
34 and automated vendor functions.

35 (c) Maintain a central source for financial management data
36 to reduce the time and expense of vendors, departments, and
37 agencies collecting, maintaining, and reconciling redundant data.

38 (d) Increase investment returns through timely and accurate
39 monitoring of cash balances, cashflow forecasting, and timing of
40 receipts and disbursements.

1 (e) *Improve fiscal controls and support better decisionmaking*
2 *by state managers and the Legislature by enhancing the quality,*
3 *timeliness, consistency, and accessibility of financial management*
4 *information through the use of powerful data access tools,*
5 *standardized data, and financial management reports.*

6 (f) *Improve access and transparency of California's financial*
7 *management information allowing the implementation of increased*
8 *auditing, compliance reporting, and fiscal accountability while*
9 *sharing information between the public, the Legislature, external*
10 *stakeholders, state, federal, and local agencies.*

11 (g) *Automate manual processes by providing the ability to*
12 *electronically receive and submit financial management documents*
13 *and data between agencies, departments, banks, vendors, and*
14 *other government entities.*

15 (h) *Provide online access to financial management information*
16 *resulting in a reduction of payment or approval inquiries, or both.*

17 (i) *Improve the state's ability to preserve, access, and analyze*
18 *historical financial management information to reduce the*
19 *workload required to research and prepare this information.*

20 (j) *Enable the state to more quickly implement, track, and report*
21 *on changes to financial management processes and systems to*
22 *accommodate new information such as statutory changes and*
23 *performance information.*

24 (k) *Reduce the time, workload, and costs associated with*
25 *capturing and projecting revenues, expenditures, and program*
26 *needs for multiple years and scenarios, and for tracking, reporting,*
27 *and responding to legislative actions.*

28 (l) *Track purchase volumes and costs by vendor and commodity*
29 *code or service code to increase strategic sourcing opportunities,*
30 *reduce purchase prices, and capture total state spending data.*

31 (m) *Reduce procurement cycle time by automating purchasing*
32 *authority limits and approval dependencies, and easing access to*
33 *goods and services available from existing sources, including, but*
34 *not limited to, using leveraged procurement agreements.*

35 (n) *Streamline the accounts receivable collections process and*
36 *allow for offset capability which will provide the ability for*
37 *increased cash collection.*

38 (o) *Streamline the payment process and allow for faster vendor*
39 *payments that will reduce late payment penalty fees paid by the*
40 *state.*

1

(p) Improve role-based security and workflow authorization by
2 capturing near real-time data from the state's human resources
3 system of record.

4

(q) Implement a stable and secure information technology
5 infrastructure.

6
7 Article 2. Development and Implementation of FISCal
8

9 11860. (a) To serve the best interest of the state by optimizing
10 the financial business management of the state, the Department
11 of Finance, the Controller, the Treasurer, and the Department of
12 General Services shall collaboratively develop, implement, utilize,
13 and maintain the FISCal system. This effort will ensure best
14 business practices by embracing opportunities to reengineer the
15 state's business processes and will encompass the management of
16 resources and funds in the areas of budgeting, accounting,
17 procurement, cash management, financial management, financial
18 reporting, cost accounting, asset accounting, project accounting,
19 and grant accounting.

20 (b) (1) All state departments and agencies shall use the FISCal
21 system, or, upon approval from the office, a department or agency
22 shall be permitted to interface its system with the FISCal system.
23 The FISCal system is intended to replace any existing central or
24 departmental systems duplicative of the functionality of the FISCal
25 system.

26 (2) The FISCal system shall first be developed and implemented
27 with a select number of state departments and agencies, as selected
28 by the office. Once the FISCal system has developed end-to-end
29 processes that meet the financial management needs of the state
30 and has been determined by the office to be effective, operationally
31 efficient, and secure, the FISCal system shall be further
32 implemented, in phases, as more fully described in the approved
33 FISCal project documents, at all remaining state departments and
34 agencies.

35 11862. (a) In addition to the requirements set forth in the
36 approved FISCal project documents, the FISCal system shall
37 include a state budget transparency component that allows the
38 public to have information regarding General Fund and federal
39 fund expenditure data, using an Internet Web site, by including

1 *all of the following information for each General Fund and federal*
2 *fund expenditure:*

3 *(1) The name and principal location of each entity or other*
4 *recipient of the funds.*

5 *(2) The amount of expenditure.*

6 *(3) The type of transaction.*

7 *(4) The identity of the state department or agency making the*
8 *expenditure.*

9 *(5) The budget program source for the expenditure.*

10 *(6) A brief description of the purpose for the expenditure.*

11 *(7) A brief description of any item purchased pursuant to the*
12 *expenditure.*

13 *(b) This section shall not require the disclosure of information*
14 *deemed confidential or otherwise exempt from disclosure under*
15 *state or federal law.*

16 *11864. (a) Throughout the development of the FISCAL system,*
17 *the California State Auditor's Office shall independently monitor*
18 *the FISCAL system as the California State Auditor deems*
19 *appropriate. The California State Auditor's Office independent*
20 *monitoring of the FISCAL system shall include, but not be limited*
21 *to, all of the following:*

22 *(1) Monitoring the contract for independent project oversight*
23 *and independent verification and validation services relating to*
24 *the FISCAL system.*

25 *(2) Assessing whether concerns about the FISCAL project raised*
26 *by the independent project oversight and independent verification*
27 *and validation services are being addressed by the office and the*
28 *steering committee of the office.*

29 *(3) Assessing whether the FISCAL system is progressing timely*
30 *and within its budget.*

31 *(b) The California State Auditor's Office shall report, at a*
32 *minimum, on or before January 10 of each year, on the FISCAL*
33 *system activities that the California State Auditor's Office deems*
34 *appropriate to monitor pursuant to this section in a manner*
35 *consistent with Chapter 6.5 (commencing with Section 8543) of*
36 *Division 1.*

37 *(c) This section shall not supersede or compromise the*
38 *Department of Technology's oversight authority and*
39 *responsibilities with respect to the FISCAL system.*

Article 3. *Funding and Accounts*

11870. *The FISCAl Internal Services Fund continues in existence in the State Treasury to pay the costs of development, implementation, operations, and maintenance of the FISCAl System. All assets, liabilities, and surplus shall remain in the FISCAl Internal Services Fund. The Department of Finance shall make the final determination of the budgetary and accounting transactions that are required to carry out this section. Accounts and subaccounts may be created within the FISCAl Internal Services Fund as needed. Moneys in the FISCAl Internal Services Fund, and its accounts and subaccounts, are available for cashflow borrowing by the General Fund pursuant to Section 16310.*

11872. (a) *The FISCAl Consolidated Payment Fund is created in the State Treasury for the purpose of allowing the Controller to issue consolidated payments, excluding payroll, to any payee, of costs that are chargeable to appropriations made from other funds in the State Treasury, thereby allowing for efficient processing through the FISCAl system of payments.*

(b) *The amounts to be disbursed from the FISCAl Consolidated Payment Fund shall be transferred by the Controller, from the funds and appropriations otherwise chargeable therewith, to the FISCAl Consolidated Payment Fund prior to the time of disbursement. All amounts in the FISCAl Consolidated Payment Fund that are derived from abatements, refunds of amounts disbursed, returned warrants, or the cancellation of warrants issued from the FISCAl Consolidated Payment Fund shall be returned by the Controller to the funds and appropriations from which the amounts were originally transferred.*

11874. (a) *The office, subject to the approval of the Department of Finance, shall establish and assess fees and a payment schedule for state departments and agencies to use or interface with the FISCAl system. The fees shall recover the costs of the FISCAl system, including, but not limited to, the ongoing maintenance and operation costs of the FISCAl system and shall be deposited in the FISCAl Internal Services Fund. The fees shall be based on an interim cost allocation plan until statistically valid usage data is available.*

(b) *The office shall submit the cost allocation plan, including the methodology used to develop fees, to the Department of Finance*

1 during the state's annual budget development processes for review
2 and approval. The office shall submit any proposed changes in
3 fees or methodology to the Department of Finance concurrently
4 with budget requests.

5
6 Article 4. Background Check Program
7

8 11880. (a) The office and the FISCAl Service Center shall
9 require fingerprint images and associated information from any
10 employee, prospective employee, contractor, subcontractor,
11 volunteer, vendor, and partner agency employee assigned to either
12 the office or the FISCAl Service Center whose duties include, or
13 would include, having access to confidential or sensitive
14 information or data on the network or computing infrastructure.

15 (b) The fingerprint images and associated information described
16 in subdivision (a) shall be furnished to the Department of Justice
17 for the purpose of obtaining information as to the existence and
18 nature of any of the following:

19 (1) A record of state or federal convictions and the existence
20 and nature of state or federal arrests for which the person is free
21 on bail or on his or her own recognizance pending trial or appeal.

22 (2) Being convicted of, or pleading nolo contendere to, a crime,
23 or having committed an act involving dishonesty, fraud, or deceit,
24 if the crime or act is substantially related to the qualifications,
25 functions, or duties of the person in accordance with this provision.

26 (3) Any conviction or arrest, for which the person is free on bail
27 or on his or her own recognizance pending trial or appeal, with
28 a reasonable nexus to the information or data to which the person
29 shall have access.

30 (c) Requests for federal criminal offender record information
31 received by the Department of Justice pursuant to this section shall
32 be forwarded to the Federal Bureau of Investigation by the
33 Department of Justice.

34 (d) The Department of Justice shall respond to the Chief of
35 Human Resources of the office or the FISCAl Service Center with
36 information as provided under subdivision (p) of Section 11105
37 of the Penal Code.

38 (e) The Chief of Human Resources of the office or the FISCAl
39 Service Center shall request subsequent arrest notifications from

1 the Department of Justice as provided under Section 11105.2 of
2 the Penal Code.

3 (f) The Department of Justice may assess a fee sufficient to cover
4 the processing costs required under this section, as authorized
5 pursuant to subdivision (e) of Section 11105 of the Penal Code.

6 (g) Persons described in subdivision (a) may be rejected if it is
7 determined they meet the criteria described in paragraph (2) or
8 (3) of subdivision (b). If a person is rejected, the individual shall
9 receive a copy of the response record from the Chief of Human
10 Resources of the office or the FISCAL Service Center.

11 (h) The Chief of Human Resources of the office or the FISCAL
12 Service Center shall follow a written appeal process for an
13 individual described in subdivision (a) who is determined ineligible
14 for employment because of his or her Department of Justice or
15 Federal Bureau of Investigation criminal offender record.

16 (i) When considering the background information received
17 pursuant to this section, the Chief of Human Resources of the office
18 or the FISCAL Service Center shall take under consideration any
19 evidence of rehabilitation, including, but not limited to,
20 participation in treatment programs and age and specifics of the
21 offense.

22 Article 5. FISCAL Service Center

23 11890. There is in state government the FISCAL Service Center.

24 11892. (a) Consistent with the FISCAL Service Center Charter,
25 the FISCAL Service Center shall incrementally assume
26 responsibility of the FISCAL system functionality as portions of the
27 FISCAL system are implemented and accepted.

28 (b) The FISCAL Service Center shall provide the administrative
29 functions for the FISCAL system, including those functions of the
30 office, during its existence.

31 (c) The office and the FISCAL Service Center shall exist
32 concurrently during the phased implementation of the FISCAL
33 system. Upon full implementation and final acceptance of the
34 FISCAL system, the FISCAL Service Center shall perform all
35 maintenance and operation of the FISCAL system.

36 11894. The FISCAL Executive Partner shall have appointment
37 power for both the office and the FISCAL Service Center and shall
38 oversee the day-to-day functions of both the office and the FISCAL
39
40

1 *Service Center. The FISCAL Executive Partner shall identify and*
2 *transfer staff from the office to the FISCAL Service Center to further*
3 *performance of the duties specified in Section 11892, in accordance*
4 *with Section 19050.9.*

5 *SEC. 10. Section 12153 of the Government Code is amended*
6 *to read:*

7 12153. The Secretary of State shall appoint a competent person
8 to the position of ~~Keeper of the~~ *Chief of Archives.*

9 In case of his *or her* absence or inability to perform the duties
10 of his *or her* position, the Secretary of State shall designate some
11 other competent person to act in his *or her* place.

12 *SEC. 11. Section 12168.7 of the Government Code is amended*
13 *to read:*

14 12168.7. (a) The California Legislature hereby recognizes the
15 need to adopt uniform statewide standards for the purpose of
16 storing and recording permanent and nonpermanent documents in
17 electronic media.

18 (b) In order to ensure that uniform statewide standards remain
19 current and relevant, the Secretary of ~~State, in consultation with~~
20 ~~the Department of General Services,~~ *State* shall approve and adopt
21 appropriate standards established by the American National
22 Standards Institute or the Association for Information and Image
23 Management.

24 (c) The standards specified in subdivision (b) shall include a
25 requirement that a trusted system be utilized. For this purpose and
26 for purposes of Sections 25105, 26205, 26205.1, 26205.5, 26907,
27 27001, 27322.2, 34090.5, and 60203, Section 102235 of the Health
28 and Safety Code, and Section 10851 of the Welfare and Institutions
29 Code, “trusted system” means a combination of techniques,
30 policies, and procedures for which there is no plausible scenario
31 in which a document retrieved from or reproduced by the system
32 could differ substantially from the document that is originally
33 stored.

34 (d) In order to develop statewide standards as expeditiously as
35 possible, and until the time that statewide standards are adopted
36 pursuant to subdivision (b), state officials shall ensure that
37 microfilming, electronic data imaging, and photographic
38 reproduction are done in compliance with the minimum standards
39 or guidelines, or both, as recommended by the American National
40 Standards Institute or the Association for Information and Image

1 Management for recording of permanent records or nonpermanent
2 records.

3 *SEC. 12. Section 12224 of the Government Code is amended*
4 *to read:*

5 12224. The Secretary of State may receive into the archives
6 any item that he *or she* deems to be of historical value and shall
7 ~~receive into the archives any other item from a state agency if~~
8 ~~directed to do so by the Department of General Services.~~ value.

9 *SEC. 13. Section 12225 of the Government Code is amended*
10 *to read:*

11 12225. ~~With the approval of the Department of General~~
12 ~~Services, the~~ The Secretary of State may at any time return to the
13 state agency from which it was received any item in the archives
14 which he *or she* does not deem to be of historical value.

15 *SEC. 14. Section 12227 of the Government Code is amended*
16 *to read:*

17 12227. ~~The Keeper of the~~ Chief of Archives is responsible for
18 the preservation and indexing of material deposited in the State
19 ~~archives;~~ Archives, and shall make the material readily available
20 for use.

21 *SEC. 15. Section 12228 of the Government Code is amended*
22 *to read:*

23 12228. ~~The Keeper of the~~ Chief of Archives shall give an
24 appropriate receipt for all material received by him *or her* as a part
25 of the archives.

26 *SEC. 16. Section 12229 of the Government Code is amended*
27 *to read:*

28 12229. The Secretary of State may maintain any item in an
29 active file in his *or her* office for such time as he *or she* deems
30 proper before transferring it to the archives.

31 *SEC. 17. Section 12230 of the Government Code is amended*
32 *to read:*

33 12230. The Secretary of State shall establish a Document
34 Preservation Shop and an Indexing Section to facilitate the
35 preservation and indexing of the archives. ~~He shall also prepare~~
36 ~~exhibitions of documentary materials from the archives to be~~
37 ~~displayed in the State Capitol Building.~~

38 *SEC. 18. Section 12231 of the Government Code is amended*
39 *to read:*

12231. In carrying out the provisions of this article, the Secretary of State shall consult with and give consideration to the recommendations of the ~~California Heritage Preservation Commission~~, *California Historical Records Advisory Board*, which for that purpose shall serve in an advisory capacity to the Secretary of State.

SEC. 19. Section 12232 of the Government Code is amended to read:

12232. The Secretary of State shall utilize the ~~California State Library~~ *California Historical Records Advisory Board* to advise, encourage, and coordinate the activities of the county historical records commissions, either designated or appointed by the county boards of supervisors pursuant to Section 26490. The chairman or his or her designee of each county historical records commission may attend an annual ~~meeting with the California State Library~~, *meeting*, at state expense, to receive advice in the preservation of local government archives and public library collections of historical materials.

SEC. 20. Section 12233 of the Government Code is amended to read:

12233. (a) The Secretary of State shall conduct under the administration of the State Archives a regular governmental history documentation program to provide through the use of oral history a continuing documentation of state policy development as reflected in California's legislative and executive history. The secretary may contract with oral history units affiliated with public or private nonprofit colleges, universities, or historical societies located in California to perform selected program activities. The secretary shall prescribe professional standards for the accomplishment and governance of the program.

(b) ~~The Secretary of State shall submit annually a report to the Legislature on the program conducted pursuant to this section.~~

SEC. 21. Section 12234 of the Government Code is repealed.

~~12234. The secretary shall conduct a feasibility study to assess the needs, costs, and appropriate location for a new facility or conversion of an existing facility, or both, to house the collections and operations of the California State Archives for at least the next 50 years. The study shall take into consideration the appropriateness of combining compatible needs of other agencies~~

1 ~~to allow for cost-effective construction or conversion, or both, of~~
2 ~~facilities.~~

3 *SEC. 22. Section 12235 of the Government Code is repealed.*

4 ~~12235. (a) The Director of General Services, as agent for the~~
5 ~~Secretary of State, shall construct on Site 7, Capital Area Plan, a~~
6 ~~Secretary of State and State Archives Building Complex, parking~~
7 ~~facilities, and any other improvements, betterments, and facilities~~
8 ~~related thereto, for the primary use of the Secretary of State and~~
9 ~~State Archives as outlined in the study report required by Section~~
10 ~~12234.~~

11 ~~(b) Revenue bonds, negotiable notes, and negotiable bond~~
12 ~~anticipation notes may be issued by the State Public Works Board~~
13 ~~pursuant to the State Building Construction Act of 1955, Part 10b~~
14 ~~(commencing with Section 15800), to finance the construction and~~
15 ~~equipping of the Secretary of State and State Archives Building~~
16 ~~Complex, parking facilities, and any other improvements,~~
17 ~~betterments, and facilities related thereto as described in~~
18 ~~subdivision (a).~~

19 ~~(c) The amount of revenue bonds, negotiable notes, or negotiable~~
20 ~~bond anticipation notes to be sold shall equal the cost of~~
21 ~~construction and equipping of the complex and facilities, the cost~~
22 ~~of working drawings, sums necessary to pay financing costs,~~
23 ~~including interest during construction, and a reasonable reserve~~
24 ~~fund. Construction costs shall not exceed one hundred million~~
25 ~~dollars (\$100,000,000) based on the Lee-Saylor Cost Index 433.~~

26 ~~(d) The amount of negotiable bond anticipation notes sold shall~~
27 ~~not exceed the amount of revenue bonds and negotiable notes~~
28 ~~authorized by this section. Any augmentation of the approved~~
29 ~~project costs shall be subject to Section 13332.11. The board may~~
30 ~~borrow funds for project costs from the Pooled Money Investment~~
31 ~~Account pursuant to Sections 16312 and 16313.~~

32 ~~(e) At least 20 days prior to the award of the principal bid for~~
33 ~~the construction of the complex, the director shall notify the~~
34 ~~chairpersons of the fiscal committees of each house of the~~
35 ~~Legislature of the amount of the bid.~~

36 ~~(f) (1) The Director of General Services may lease the complex~~
37 ~~and facilities financed with the proceeds of the revenue bonds,~~
38 ~~negotiable notes, or negotiable bond anticipation notes from the~~
39 ~~board pursuant to Section 15817 for use by the Secretary of State~~
40 ~~and State Archives.~~

1 ~~(2) The director shall notify the Chairperson of the Joint~~
2 ~~Legislative Budget Committee of the director's intention to execute~~
3 ~~any lease agreement authorized by paragraph (1) at least 20 days~~
4 ~~prior to its execution.~~

5 *SEC. 23. Section 12236 of the Government Code is amended*
6 *to read:*

7 12236. (a) The Secretary of State shall establish ~~the~~ *a* Local
8 Government Records Program to be administered by the State
9 Archives to establish guidelines for local government records
10 retention and to provide archival support to local agencies in this
11 state.

12 (b) The Secretary of State shall establish, publish, update, and
13 maintain on a permanent basis guidelines for local government
14 records retention. The Secretary of State may consult with
15 appropriate professional organizations representing city, county,
16 and special district records administrators regarding the
17 establishment of these guidelines.

18 (c) The program shall be primarily responsible for the
19 performance of the following functions:

20 (1) Publish the guidelines developed pursuant to subdivision
21 (b) in paper form initially and on the Internet web site for the
22 Secretary of State.

23 (2) Monitor and review changes in state laws and administrative
24 regulations that pertain to local government records retention.

25 (3) Monitor practices and procedures in records administration
26 that have bearing on local government records retention and
27 management.

28 (4) Update published guidelines on a current and timely basis
29 as changes occur.

30 (5) Make supporting information about state laws and
31 administrative regulations that pertain to local government records
32 retention available to local government agencies.

33 (6) Function as the liaison for the State Archives with
34 appropriate professional organizations.

35 (7) Maintain communication with individual local government
36 agencies.

37 (8) Consult and provide information and advice to local
38 government agencies on archival *and records management*
39 practices.

(9) Consult and provide information and advice to local government agencies on history and heritage.

SEC. 24. Article 7 (commencing with Section 12270) is added to Chapter 3 of Part 2 of Division 3 of Title 2 of the Government Code, to read:

Article 7. State Records Management Act

12270. This article shall be known, and may be cited, as the State Records Management Act.

12271. For the purposes of this article, the following terms shall have the following meanings:

(a) “Acquire” includes acquisition by gift, purchase, lease, eminent domain, or otherwise.

(b) “Archival value” means the ongoing usefulness or significance of a record based on the administrative, legal, fiscal, evidential, or historical information it contains, justifying its permanent preservation.

(c) “Public record plant” means the plant, or any part thereof, or any record therein, of any person engaged in the business of searching or publishing public records or insuring or guaranteeing titles to real property, including copies of public records or abstracts and memoranda taken from public records that are owned by or in possession of that person or that are used by that person in his or her business.

(d) “Public use form” means a form used by the state to obtain or to solicit facts, opinions, or other information from the public or a private citizen, partnership, corporation, organization, business trust, or nongovernmental entity or legal representative thereof.

(e) “Record” has the same meaning as “public records” as defined in subdivision (e) of Section 6252, and includes, but is not limited to, any writing containing information relating to the conduct of the public’s business prepared, owned, used, or retained by a state or local agency regardless of physical form or characteristics. Library and museum materials made or acquired and preserved solely for reference or exhibition purposes and stocks of publications and of processed documents are not included within the definition of the term “record” as used in this article.

1 12272. (a) *The Secretary of State shall establish and*
2 *administer a records management program that will apply efficient*
3 *and economical management methods to the creation, utilization,*
4 *maintenance, retention, preservation, and disposal of state records.*

5 (b) *The duties of the Secretary of State shall include, but shall*
6 *not be limited to:*

7 (1) *Establishing standards, procedures, and techniques for*
8 *effective management of records.*

9 (2) *Obtaining from agencies reports required for the*
10 *administration of the program.*

11 12273. *Notwithstanding any other law, a record held in the*
12 *State Records Center or by a state agency determined by the*
13 *Secretary of State to have archival value and to be at risk of*
14 *damage or loss, or in poor physical condition, shall be transferred*
15 *to the State Archives at the direction of the Secretary of State with*
16 *notification to the head of the agency not less than 10 days prior*
17 *to the transfer. The Secretary of State shall enforce all statutory*
18 *requirements regarding the confidentiality of records transferred*
19 *to the State Archives pursuant to this section and shall make the*
20 *records available to authorized individuals or the public, as*
21 *determined by applicable law.*

22 12274. *The head of a state agency shall do all of the following:*

23 (a) *Establish and maintain an active, continuing program for*
24 *the economical and efficient management of the records and*
25 *information collection practices of the agency. The program shall*
26 *ensure that the information needed by the agency may be obtained*
27 *with a minimum burden upon individuals and businesses, especially*
28 *small business enterprises and others required to furnish the*
29 *information. Unnecessary duplication of efforts in obtaining*
30 *information shall be eliminated as rapidly as practical. Information*
31 *collected by the agency shall, as far as is expedient, be collected*
32 *and tabulated in a manner that maximizes the usefulness of the*
33 *information to other state agencies and the public.*

34 (b) *Determine, with the concurrence of the Secretary of State,*
35 *records essential to the functioning of state government in the*
36 *event of a major disaster.*

37 (c) *When requested by the Secretary of State, provide a written*
38 *justification for storage or extension of scheduled retention of a*
39 *record in the State Records Center for a period of 50 years or*
40 *more. The Secretary of State shall review and approve any*

1 *scheduled retention of a record in the State Records Center for a*
2 *period of 50 years or more. A record deemed to have archival*
3 *value shall be transferred to the State Archives.*

4 *(d) Comply with the rules, regulations, standards, and*
5 *procedures issued by the Secretary of State.*

6 *12275. (a) A record shall not be destroyed or otherwise*
7 *disposed of by an agency of the state, unless it is determined by*
8 *the Secretary of State that the record has no further administrative,*
9 *legal, or fiscal value and the Secretary of State has determined*
10 *that the record is inappropriate for preservation in the State*
11 *Archives.*

12 *(b) The Secretary of State shall not authorize the destruction of*
13 *a record subject to audit until he or she has determined that the*
14 *audit has been performed.*

15 *(c) The Secretary of State shall not authorize the destruction of*
16 *all or any part of an agency rulemaking file subject to Section*
17 *11347.3.*

18 *12276. (a) The records of a state agency may be microfilmed,*
19 *electronically data imaged, or otherwise photographically*
20 *reproduced and certified upon the written authorization of the*
21 *head of the agency. The microfilming, electronic data imaging, or*
22 *photographic reproduction shall be made in compliance with the*
23 *minimum standards or guidelines, or both, as recommended by*
24 *the American National Standards Institute or the Association for*
25 *Information and Image Management, and as adopted by the*
26 *Secretary of State, for recording of permanent records or*
27 *nonpermanent records.*

28 *(b) The certification of each reproduction or set of reproductions*
29 *shall be in accordance with the standards, or have the approval,*
30 *of the Attorney General. The certification shall contain a statement*
31 *of the identity, description, and disposition or location of the*
32 *records reproduced, the date, reason, and authorization for the*
33 *reproduction, and other information that the Attorney General*
34 *requires.*

35 *(c) The certified reproductions shall be deemed to be original*
36 *records for all purposes, including introduction in courts of law*
37 *and state agencies.*

38 *12277. A person, other than a temporary employee, serving in*
39 *the state civil service and employed by the Department of General*
40 *Services in the California State Records and Information*

1 *Management Program shall remain in the state civil service and*
2 *is hereby transferred to the Secretary of State. The status, position,*
3 *and rights of the person shall not be affected by the transfer and*
4 *shall continue to be retained by the person pursuant to the State*
5 *Civil Service Act.*

6 *12278. All equipment and records in the California State*
7 *Records and Information Management Program in the Department*
8 *of General Services are transferred to the Secretary of State.*

9 *12279. If a record of a state agency has been lost or destroyed*
10 *by conflagration or other public calamity, the Secretary of State*
11 *may acquire the right to reproduce any portion of a public record*
12 *plant as is necessary for the purpose of restoring or replacing the*
13 *record or its substance.*

14 *SEC. 25. Section 12432 of the Government Code is amended*
15 *to read:*

16 *12432. (a) The Legislature hereby finds and declares that it is*
17 *essential for the state to replace the current automated human*
18 *resource/payroll systems operated by the Controller to ensure that*
19 *state employees continue to be paid accurately and on time and*
20 *that the state may take advantage of new capabilities and improved*
21 *business practices. To achieve this replacement of the current*
22 *systems, the Controller is authorized to procure, modify, and*
23 *implement a new human resource management system that meets*
24 *the needs of a modern state government. This replacement effort*
25 *is known as the 21st Century Project.*

26 *(b) Notwithstanding any other law, beginning with the 2004–05*
27 *fiscal year, the Controller may assess the special and*
28 *nongovernmental cost funds in sufficient amounts to pay for the*
29 *authorized 21st Century Project costs that are attributable to those*
30 *funds. Assessments in support of the expenditures for the 21st*
31 *Century Project shall be made quarterly, and the total amount*
32 *assessed from these funds annually shall not exceed the total*
33 *expenditures incurred by the Controller for the 21st Century Project*
34 *that are attributable to those funds in that fiscal year.*
35 *Appropriations for this purpose shall be made in the annual Budget*
36 *Act.*

37 *(c) To the extent permitted by law, beginning with the 2004–05*
38 *fiscal year, the Controller shall establish agreements with various*
39 *agencies and departments for the collection from federal funds of*
40 *costs that are attributable to federal funds. The total amount*

1 collected from those agencies and departments annually shall not
2 exceed the total expenditures incurred by the Controller for the
3 21st Century Project that are attributable to federal funds in that
4 fiscal year. Appropriations for that purpose shall be made in the
5 annual Budget Act.

6 (d) It is the intent of the Legislature that, beginning not earlier
7 than the 2006–07 fiscal year, future annual Budget Acts include
8 General Fund appropriations in sufficient amounts for expenditures
9 for the 21st Century Project that are attributable to the General
10 Fund. It is the Legislature’s intent that the share of the total project
11 costs paid for by the General Fund shall be equivalent to the share
12 of the total project costs paid for from special and nongovernmental
13 cost fund assessments and collections from federal funds.

14 (e) This section shall remain in effect only until June 30, 2014,
15 2015, and as of that date is repealed, unless a later enacted statute,
16 that is enacted before June 30, 2014, deletes or extends that date.
17 repealed.

18 *SEC. 26. Section 12478 of the Government Code is amended*
19 *to read:*

20 12478. Upon receipt of proof, satisfactory to the Controller,
21 that a pay roll warrant issued by the Controller has been lost or
22 destroyed prior to its delivery to the employee to whom it is
23 payable, the Controller shall, upon certification by the payee’s
24 appointing power, issue a ~~duplicate~~ replacement warrant in
25 payment of the same amount, without requiring a bond from the
26 payee, and any loss incurred in connection therewith shall be
27 charged against the account from which the payment was derived.
28 Without limiting the generality of the preceding sentence, a pay
29 roll warrant shall be considered to have been lost if it has been
30 sent to the payee but not received by him within a reasonable time,
31 consistent with the policy of prompt payment of employees or if
32 it has been sent to a state officer or employee for delivery to the
33 payee or for forwarding to another state officer or employee for
34 such delivery, and has not been received within such reasonable
35 time.

36 A ~~duplicate~~ replacement warrant is void if not presented for
37 payment to the State Treasurer within the same time limit provided
38 by law for the original warrant.

39 *SEC. 27. Section 13300.5 of the Government Code is amended*
40 *to read:*

1 13300.5. (a) The Legislature finds and declares that the project
2 of the FISCal Project to modernize the state's internal financial
3 systems is a critical project that must be subject to the highest level
4 of oversight. According to the ~~California Technology Agency,~~
5 *Department of Technology*, the size and scope of this modernization
6 and automation effort make this project one of the highest risk
7 projects undertaken by the state. Therefore, the Legislature must
8 take steps to ensure it is fully informed as the project is
9 implemented. It is the intent of the Legislature to adopt additional
10 reporting requirements for the FISCal Project Office to adequately
11 manage the project's risk and to ensure the successful
12 implementation of this effort.

13 (b) The FISCal Project Office shall report to the Legislature,
14 by February 15 of each year, an update on the project. The report
15 shall include all of the following:

16 (1) An executive summary and overview of the project's status.

17 (2) An overview of the project's history.

18 (3) Significant events of the project within the current reporting
19 period and a projection of events during the next reporting period.

20 (4) A discussion of mitigation actions being taken by the project
21 for any missed major milestones.

22 (5) A comparison of actual to budgeted expenditures, and an
23 explanation of variances and any planned corrective actions,
24 including a summary of FISCal project and staffing levels and an
25 estimate of staff participation from partner agencies.

26 (6) An articulation of expected functionality and qualitative
27 benefits from the project that were achieved during the reporting
28 period and that are expected to be achieved in the subsequent year.

29 (7) An overview of change management activities and
30 stakeholder engagement in the project, including a summary of
31 departmental participation in the FISCal project.

32 (8) A discussion of lessons learned and best practices that will
33 be incorporated into future changes in management activities.

34 (9) A description of any significant software customization,
35 including a justification for why, if any, customization was granted.

36 (10) Updates on the progress of meeting the project objectives,
37 ~~including the objectives provided in paragraph (1) of subdivision~~
38 ~~(c) of Section 15849.22.~~ *objectives.*

(c) The initial report, due February 15, 2013, shall provide a description of the approved project scope. Later reports shall describe any later deviations to the project scope, cost, or schedule.

(d) The initial report shall also provide a summary of the project history from Special Project Report 1 to Special Project Report 4, inclusive.

(e) This section shall remain in effect until a postimplementation evaluation report has been approved by the ~~California Technology Agency~~. *Department of Technology*. The ~~California Technology Agency~~ *Department of Technology* shall post a notice on its Internet Web site when the report is approved.

SEC. 28. Section 13332.11 of the Government Code is amended to read:

13332.11. (a) (1) Except as otherwise specified in paragraph (2), ~~no~~ funds appropriated for capital outlay ~~may~~ *shall not* be expended by any state agency, including, *but not limited to*, the University of California, the California State University, the California Community Colleges, and the ~~Judicial Council~~ *Council*, until the Department of Finance and the State Public Works Board have approved preliminary plans for the project to be funded from a capital outlay appropriation.

(2) Paragraph (1) shall not apply to any of the following:

(A) Amounts for acquisition of real property in fee, or any other lesser interest.

(B) Amounts for equipment or minor capital outlay projects.

(C) Amounts appropriated for preliminary plans, surveys, and studies.

(b) Notwithstanding subdivision (a), approvals by the State Public Works Board and the Department of Finance for the University of California and the California Community Colleges shall apply only to the allocation of state capital outlay funds appropriated by the Legislature, including land acquisition and equipment funds.

(c) Any appropriated amounts for working drawings or construction where the working drawings or construction have been started by any state agency prior to approval of the preliminary plans by the State Public Works Board shall be reverted to the fund from which the appropriation was made, as approved by the Department of Finance. ~~No~~ A major project for which a capital outlay appropriation is made shall *not* be put out to bid

1 until the working drawings have been approved by the Department
2 of Finance. ~~No~~ A substantial change shall *not* be made to the
3 approved preliminary plans or approved working drawings without
4 written approval by the Department of Finance. ~~Any~~ *The*
5 *Department of Finance shall approve any* proposed construction
6 ~~bid alternates shall be approved by the Department of Finance.~~
7 *alternates.*

8 (d) The Department of Finance shall approve the use of funds
9 from a capital outlay appropriation for the purchase of any
10 significant unit of equipment.

11 (e) The State Public Works Board may augment a major project
12 in an amount of up to 20 percent of the total of the capital outlay
13 appropriations for the project, irrespective of whether any such
14 appropriation has reverted. For projects authorized through multiple
15 fund sources, including, but not limited to, general obligation bonds
16 and lease-revenue bonds, to the extent otherwise permissible, the
17 Department of Finance shall have full authority to determine which
18 of the fund sources will bear all or part of an augmentation. The
19 board shall defer all augmentations in excess of 20 percent of the
20 amount appropriated for each capital outlay project until the
21 Legislature makes additional funds available for the specific
22 project.

23 (f) In addition to the powers provided by Section 15849.6, the
24 State Public Works Board may further increase the additional
25 amount in Section 15849.6 to include a reasonable construction
26 reserve within the construction fund for any capital outlay project
27 without augmenting the project. The amount of the construction
28 reserve shall be within the 20 percent augmentation limitation.
29 The board may use this amount to augment the project, when and
30 if necessary, after the lease revenue bonds are sold to ~~assure~~ *ensure*
31 completion of the project. ~~Upon completion of the project, any~~
32 ~~amount remaining in the construction reserve funds shall be used~~
33 ~~to offset rental payments.~~

34 (g) Augmentations in excess of 10 percent of the amount
35 appropriated for each capital outlay project shall be reported to
36 the Chairperson of the Joint Legislative Budget Committee, or his
37 or her designee, 20 days prior to board approval, or not sooner
38 than whatever lesser time the chairperson, or his or her designee,
39 may in each instance determine.

1 (h) (1) The Department of Finance may change the
2 administratively or legislatively approved scope for major capital
3 outlay projects.

4 (2) If the Department of Finance changes the approved scope
5 pursuant to paragraph (1), the department shall report the changes
6 and associated cost implications to the Chairperson of the Joint
7 Legislative Budget Committee, the chairpersons of the respective
8 fiscal committees, and the legislative advisers of the State Public
9 Works Board 20 days prior to the proposed board action to
10 recognize the scope change.

11 (i) The State Public Works Board shall defer action with respect
12 to approval of an acquisition project, when it is determined that
13 the estimated cost of the total acquisition project, as approved by
14 the Legislature is in excess of 20 percent of the amount
15 appropriated, unless it is determined that a lesser portion of the
16 property is sufficient to meet the objectives of the project approved
17 by the Legislature, and the Chairperson of the Joint Legislative
18 Budget Committee, or his or her designee, is provided a 20-day
19 prior notification of the proposed reductions in the acquisition
20 project, or whatever lesser period the chairperson, or his or her
21 designee, may in each instance determine.

22 (j) The Department of Finance shall report to the Chairperson
23 of the Joint Legislative Budget Committee, the chairpersons of the
24 respective fiscal committees, and legislative advisers of the State
25 Public Works Board 20 days prior to the proposed board approval
26 of preliminary plans when it is determined that the estimated cost
27 of the total capital outlay construction project is in excess of 20
28 percent of the amount recognized by the Legislature.

29 (k) Nothing in this section shall be construed to limit or control
30 the Department of Transportation or the California Exposition and
31 State Fair in the expenditure of all funds appropriated to the
32 department for capital outlay purposes.

33 *SEC. 29. Section 13332.19 of the Government Code is amended*
34 *to read:*

35 13332.19. (a) For the purposes of this section, the following
36 definitions shall apply:

37 (1) "Design-build" means a construction procurement process
38 in which both the design and construction of a project are procured
39 from a single entity.

1 (2) “Design-build project” means a capital outlay project using
2 the design-build construction procurement process.

3 (3) “Design-build entity” means a partnership, corporation, or
4 other legal entity that is able to provide appropriately licensed
5 contracting, architectural, and engineering services as needed.

6 (4) “Design-build solicitation package” means the performance
7 criteria, any concept drawings, the form of contract, and all other
8 documents and information that serve as the basis on which bids
9 or proposals will be solicited from the design-build entities.

10 (5) “Design-build phase” means the period following the award
11 of a contract to a design-build entity in which the design-build
12 entity completes the design and construction activities necessary
13 to fully complete the project in compliance with the terms of the
14 contract.

15 (6) “Performance criteria” means the information that fully
16 describes the scope of the proposed project and includes, but is
17 not limited to, the size, type, and design character of the buildings
18 and site; the required form, fit, function, operational requirements,
19 and quality of design, materials, equipment, and workmanship;
20 and any other information deemed necessary to sufficiently
21 describe the state’s needs.

22 (7) “Concept drawings” means any schematic drawings or
23 architectural renderings that are prepared, in addition to
24 performance criteria, in such detail as is necessary to sufficiently
25 describe the state’s needs.

26 (b) (1) Except as otherwise specified in ~~paragraphs (1) to (4);~~
27 ~~subparagraphs (A) to (D), inclusive, no of paragraph (2)~~ funds
28 appropriated for a design-build project ~~may~~ shall not be expended
29 by any state agency, including, but not limited to, the University
30 of California, the California State University, the California
31 Community Colleges, and the Judicial Council, until the
32 Department of Finance and the State Public Works Board have
33 approved performance criteria or performance criteria and concept
34 drawings for the project.

35 ~~This~~

36 (2) *This* section shall not apply to any of the following:

37 ~~(1)~~

38 (A) Amounts for acquisition of real property, in fee or any lesser
39 interest.

40 ~~(2)~~

1 (B) Amounts for equipment or minor capital outlay projects.

2 ~~(3)~~

3 (C) Amounts appropriated for performance criteria and concept
4 drawings.

5 ~~(4)~~

6 (D) Amounts appropriated for preliminary plans, if the
7 appropriation was made prior to January 1, 2005.

8 (c) Any appropriated amounts for the design-build phase of a
9 design-build project, where funds have been expended on the
10 design-build phase by any state agency prior to the approval of
11 the performance criteria or the performance criteria and concept
12 drawings by the State Public Works Board, and all amounts not
13 approved by the board under this section shall be reverted to the
14 fund from which the appropriation was made. ~~No~~ A design-build
15 project for which a capital outlay appropriation is made shall *not*
16 be put out to design-build solicitation until the bid package has
17 been approved by the Department of Finance. ~~No~~ A substantial
18 change shall *not* be made to the performance criteria or to
19 performance criteria and concept drawings as approved by the
20 board and the Department of Finance without written approval by
21 the Department of Finance. ~~Any~~ *The Department of Finance shall*
22 *approve any proposed bid or proposal alternates set forth in the*
23 ~~design-build solicitation package shall be approved by the~~
24 ~~Department of Finance.~~ *package.*

25 (d) The State Public Works Board may augment a design-build
26 project in an amount of up to 20 percent of the capital outlay
27 appropriations for the project, irrespective of whether any such
28 appropriation has reverted. For projects authorized through multiple
29 fund sources, including, but not limited to, general obligation bonds
30 and lease-revenue bonds, to the extent permissible, the Department
31 of Finance shall have full authority to determine which of the fund
32 sources will bear all or part of an augmentation. The board shall
33 defer all augmentations in excess of 20 percent of the amount
34 appropriated for each design-build project until the Legislature
35 makes additional funds available for the specific project.

36 (e) In addition to the powers provided by Section 15849.6, the
37 State Public Works Board may further increase the additional
38 amount in Section 15849.6 to include a reasonable construction
39 reserve within the construction fund for any capital outlay project
40 without augmenting the project. The amount of the construction

1 reserve shall be within the 20 percent augmentation limitation.
 2 The board may use this amount to augment the project, when and
 3 if necessary, after the lease-revenue bonds are sold to ~~assure~~ ensure
 4 completion of the project. ~~Upon completion of the project, any~~
 5 ~~amount remaining in the construction reserve fund shall be used~~
 6 ~~to offset rental payments.~~

7 (f) Any augmentation in excess of 10 percent of the amounts
 8 appropriated for each design-build project shall be reported to the
 9 Chairperson of the Joint Legislative Budget Committee, or his or
 10 her designee, 20 days prior to board approval, or not sooner than
 11 whatever lesser time the chairperson, or his or her designee, may
 12 in each instance determine.

13 (g) (1) The Department of Finance may change the
 14 administratively or legislatively approved scope for major
 15 design-build projects.

16 (2) If the Department of Finance changes the approved scope
 17 pursuant to paragraph (1), the department shall report the changes
 18 and associated cost implications to the Chairperson of the Joint
 19 Legislative Budget Committee, the chairpersons of the respective
 20 fiscal committees, and the legislative members of the State Public
 21 Works Board 20 days prior to the proposed board action to
 22 recognize the scope change.

23 (h) The Department of Finance shall report to the Chairperson
 24 of the Joint Legislative Budget Committee, the chairpersons of the
 25 respective fiscal committees, and the legislative members of the
 26 State Public Works Board 20 days prior to the proposed board
 27 approval of performance criteria or performance criteria and
 28 concept drawings for any project when it is determined that the
 29 estimated cost of the total design-build project is in excess of 20
 30 percent of the amount recognized by the Legislature.

31 *SEC. 30. Section 13963.1 of the Government Code is amended*
 32 *to read:*

33 13963.1. (a) The Legislature finds and declares all of the
 34 following:

35 (1) Without treatment, approximately 50 percent of people who
 36 survive a traumatic, violent injury experience lasting or extended
 37 psychological or social difficulties. Untreated psychological trauma
 38 often has severe economic consequences, including overuse of
 39 costly medical services, loss of income, failure to return to gainful
 40 employment, loss of medical insurance, and loss of stable housing.

1 (2) Victims of crime should receive timely and effective mental
2 health treatment.

3 (3) The board shall administer a program to evaluate applications
4 and award grants to trauma recovery centers.

5 (b) The board shall award a grant only to a trauma recovery
6 center that meets both of the following criteria:

7 (1) The trauma recovery center demonstrates that it serves as a
8 community resource by providing services, including, but not
9 limited to, making presentations and providing training to law
10 enforcement, community-based agencies, and other health care
11 providers on the identification and effects of violent crime.

12 (2) Any other related criteria required by the board.

13 ~~(e) Upon appropriation by the Legislature, the board shall award~~
14 ~~grants totaling up to two million dollars (\$2,000,000) per year. All~~
15 ~~grants shall be funded only from the Restitution Fund.~~

16 *(c) It is the intent of the Legislature to provide an annual*
17 *appropriation of two million dollars (\$2,000,000) per year. All*
18 *grants awarded by the board shall be funded only from the*
19 *Restitution Fund.*

20 (d) The board may award a grant providing funding for up to a
21 maximum period of three years. Any portion of a grant that a
22 trauma recovery center does not use within the specified grant
23 period shall revert to the Restitution Fund. The board may award
24 consecutive grants to a trauma recovery center to prevent a lapse
25 in funding. The board shall not award a trauma recovery center
26 more than one grant for any period of time.

27 (e) The board, when considering grant applications, shall give
28 preference to a trauma recovery center that conducts outreach to,
29 and serves, both of the following:

30 (1) Crime victims who typically are unable to access traditional
31 services, including, but not limited to, victims who are homeless,
32 chronically mentally ill, of diverse ethnicity, members of immigrant
33 and refugee groups, disabled, who have severe trauma-related
34 symptoms or complex psychological issues, or juvenile victims,
35 including minors who have had contact with the juvenile
36 dependency or justice system.

37 (2) Victims of a wide range of crimes, including, but not limited
38 to, victims of sexual assault, domestic violence, physical assault,
39 shooting, stabbing, and vehicular assault, and family members of
40 homicide victims.

1 (f) The trauma recovery center sites shall be selected by the
2 board through a well-defined selection process that takes into
3 account the rate of crime and geographic distribution to serve the
4 greatest number of victims.

5 (g) A trauma recovery center that is awarded a grant shall do
6 both of the following:

7 (1) Report to the board annually on how grant funds were spent,
8 how many clients were served (counting an individual client who
9 receives multiple services only once), units of service, staff
10 productivity, treatment outcomes, and patient flow throughout
11 both the clinical and evaluation components of service.

12 (2) In compliance with federal statutes and rules governing
13 federal matching funds for victims' services, each center shall
14 submit any forms and data requested by the board to allow the
15 board to receive the 60 percent federal matching funds for eligible
16 victim services and allowable expenses.

17 (h) For purposes of this section, a trauma recovery center
18 provides, including, but not limited to, all of the following
19 resources, treatments, and recovery services to crime victims:

20 (1) Mental health services.

21 (2) Assertive community-based outreach and clinical case
22 management.

23 (3) Coordination of care among medical and mental health care
24 providers, law enforcement agencies, and other social services.

25 (4) Services to family members and loved ones of homicide
26 victims.

27 (5) A multidisciplinary staff of clinicians that includes
28 psychiatrists, psychologists, and social workers.

29 *SEC. 31. Section 14740 of the Government Code is amended*
30 *to read:*

31 14740. This chapter shall be known as the "~~State State~~ Records
32 ~~Management Act.~~" *Storage Act.*

33 *SEC. 32. Section 14745 of the Government Code is amended*
34 *to read:*

35 14745. The director shall establish and administer in the
36 executive branch of state government a records~~management~~
37 ~~program, which storage program that~~ will apply efficient and
38 economical~~management records storage~~ methods to the~~creation,~~
39 utilization, maintenance, retention, preservation, and disposal of
40 state records.

1 *SEC. 33. Section 14746 of the Government Code is amended*
2 *to read:*

3 14746. The duties of the director shall ~~include~~ *include*, but not
4 be limited to:

5 (a) Establishing standards, procedures, and techniques for
6 effective ~~management~~ *storage* of records.

7 (b) Providing appropriate protection for records designated by
8 state agencies, with the concurrence of the director, as essential to
9 the functioning of state government in the event of a major disaster.

10 (c) Obtaining from agencies reports required for the
11 administration of the program.

12 (d) *Establishing, maintaining, and operating record centers for*
13 *the storage, processing, and servicing of scheduled records for*
14 *state agencies pending their deposit with the State Archives or*
15 *their disposition in any other manner authorized by law.*

16 *SEC. 34. Article 3 (commencing with Section 14750) of Chapter*
17 *5 of Part 5.5 of Division 3 of Title 2 of the Government Code is*
18 *repealed.*

19 *SEC. 35. Article 4 (commencing with Section 14755) of Chapter*
20 *5 of Part 5.5 of Division 3 of Title 2 of the Government Code is*
21 *repealed.*

22 *SEC. 36. Article 6 (commencing with Section 14765) of Chapter*
23 *5 of Part 5.5 of Division 3 of Title 2 of the Government Code is*
24 *repealed.*

25 *SEC. 37. Article 7 (commencing with Section 14769) of Chapter*
26 *5 of Part 5.5 of Division 3 of Title 2 of the Government Code is*
27 *repealed.*

28 *SEC. 38. Chapter 7 (commencing with Section 15849.20) of*
29 *Part 10b of Division 3 of Title 2 of the Government Code is*
30 *repealed.*

31 *SEC. 39. Section 16429.1 of the Government Code is amended*
32 *to read:*

33 16429.1. (a) There is in trust in the custody of the Treasurer
34 the Local Agency Investment Fund, which fund is hereby created.
35 The Controller shall maintain a separate account for each
36 governmental unit having deposits in this fund.

37 (b) Notwithstanding any other ~~provisions~~ *of law*, a local
38 governmental official, with the consent of the governing body of
39 that agency, having money in its treasury not required for
40 immediate needs, may remit the money to the Treasurer for deposit

1 in the Local Agency Investment Fund for the purpose of
2 investment.

3 (c) Notwithstanding any other ~~provisions of law~~, an officer of
4 any nonprofit corporation whose membership is confined to public
5 agencies or public officials, or an officer of a qualified
6 quasi-governmental agency, with the consent of the governing
7 body of that agency, having money in its treasury not required for
8 immediate needs, may remit the money to the Treasurer for deposit
9 in the Local Agency Investment Fund for the purpose of
10 investment.

11 (d) Notwithstanding any other ~~provision of law or provision~~ of
12 this section, a local agency, with the approval of its governing
13 body, may deposit in the Local Agency Investment Fund proceeds
14 of the issuance of bonds, notes, certificates of participation, or
15 other evidences of indebtedness of the agency pending expenditure
16 of the proceeds for the authorized purpose of their issuance. In
17 connection with these deposits of proceeds, the Local Agency
18 Investment Fund is authorized to receive and disburse moneys,
19 and to provide information, directly with or to an authorized officer
20 of a trustee or fiscal agent engaged by the local agency, the Local
21 Agency Investment Fund is authorized to hold investments in the
22 name and for the account of that trustee or fiscal agent, and the
23 Controller shall maintain a separate account for each deposit of
24 proceeds.

25 (e) The local governmental unit, the nonprofit corporation, or
26 the quasi-governmental agency has the exclusive determination
27 of the length of time its money will be on deposit with the
28 Treasurer.

29 (f) The trustee or fiscal agent of the local governmental unit has
30 the exclusive determination of the length of time proceeds from
31 the issuance of bonds will be on deposit with the Treasurer.

32 (g) The Local Investment Advisory Board shall determine those
33 quasi-governmental agencies which qualify to participate in the
34 Local Agency Investment Fund.

35 (h) The Treasurer may refuse to accept deposits into the fund
36 if, in the judgment of the Treasurer, the deposit would adversely
37 affect the state's portfolio.

38 (i) The Treasurer may invest the money of the fund in securities
39 prescribed in Section 16430. The Treasurer may elect to have the
40 money of the fund invested through the Surplus Money Investment

1 Fund as provided in Article 4 (commencing with Section 16470)
2 of Chapter 3 of Part 2 of Division 4 of Title 2. 3.

3 (j) Money in the fund shall be invested to achieve the objective
4 of the fund which is to realize the maximum return consistent with
5 safe and prudent treasury management.

6 (k) All instruments of title of all investments of the fund shall
7 remain in the Treasurer's vault or be held in safekeeping under
8 control of the Treasurer in any federal reserve bank, or any branch
9 thereof, or the Federal Home Loan Bank of San Francisco, with
10 any trust company, or the trust department of any state or national
11 bank.

12 (l) Immediately at the conclusion of each calendar quarter, all
13 interest earned and other increment derived from investments shall
14 be distributed by the Controller to the contributing governmental
15 units or trustees or fiscal agents, nonprofit corporations, and
16 quasi-governmental agencies in amounts directly proportionate to
17 the respective amounts deposited in the Local Agency Investment
18 Fund and the length of time the amounts remained therein. An
19 amount equal to the reasonable costs incurred in carrying out the
20 provisions of this section, not to exceed a maximum of 5 percent
21 of the earnings of this fund and not to exceed the amount
22 appropriated in the annual Budget Act for this function, shall be
23 deducted from the earnings prior to distribution. *However, if the*
24 *13-week Daily Treasury Bill Rate, as published by the United*
25 *States Department of the Treasury on the last day of the state's*
26 *fiscal year is below 1 percent, then the above-noted reasonable*
27 *costs shall not exceed a maximum of 8 percent of the earnings of*
28 *this fund for the subsequent fiscal year, shall not exceed the amount*
29 *appropriated in the annual Budget Act for this function, and shall*
30 *be deducted from the earnings prior to distribution.* The amount
31 of ~~this~~ the deduction shall be credited as reimbursements to the
32 state agencies, including the Treasurer, the Controller, and the
33 Department of Finance, having incurred costs in carrying out the
34 provisions of this section.

35 (m) The Treasurer shall prepare for distribution a monthly report
36 of investments made during the preceding month.

37 (n) As used in this section, "local agency," "local governmental
38 unit," and "local governmental official" includes a campus or other
39 unit and an official, respectively, of the California State University

1 who deposits moneys in funds described in Sections 89721, 89722,
2 and 89725 of the Education Code.

3 *SEC. 40. Section 16731.6 of the Government Code is amended*
4 *to read:*

5 16731.6. (a) Notwithstanding any other provision of this
6 chapter, and as an alternative to the procedures set forth in Section
7 16731, the committee may provide for the issuance of all or part
8 of the bonds authorized to be issued as commercial paper notes.
9 The committee shall adopt a resolution finding that issuance of
10 the bonds in the form of commercial paper notes is necessary and
11 desirable, directing the Treasurer to arrange for preparation of the
12 requisite number of suitable notes, and specifying other provisions
13 relating to the commercial paper notes, including all of the
14 following:

15 (1) For each program of commercial paper notes authorized,
16 the resolution shall contain the final date of maturity and the total
17 aggregate principal amount of the commercial paper notes
18 authorized to be outstanding at any one time up to the maturity
19 date, in accordance with all of the following:

20 (A) The resolution may provide that the commercial paper notes
21 may be issued and renewed from time to time until the final
22 maturity date, and that the amount issued from time to time may
23 be set by the Treasurer up to the maximum amount authorized to
24 be outstanding at any one time.

25 (B) The resolution shall include methods of setting the dates,
26 numbers, and denominations of the commercial paper notes.

27 (C) The determination of the final maturity date and total amount
28 by the committee shall be made upon recommendation of the
29 Treasurer to meet the needs of the state for funds, to provide the
30 maximum benefit to potential purchasers, and to respond to the
31 expected demand for the commercial paper notes.

32 (D) Notwithstanding any other provision of this chapter,
33 whenever the committee determines to issue commercial paper
34 notes, the committee is not required to comply with the
35 requirements of Section 16732.

36 (2) The method of setting the interest rates and interest payment
37 dates applicable to the commercial paper notes, in accordance with
38 the following:

1 (A) Commercial paper notes may bear a stated rate of interest
2 payable only at maturity, which rate or rates may be determined
3 at the time of sale of each unit of commercial paper notes.

4 (B) The rate of interest borne by the commercial paper notes
5 shall not exceed 11 percent per annum.

6 (C) Notwithstanding any other provision of this chapter,
7 whenever the committee determines to issue commercial paper
8 notes, the committee is not required to comply with the
9 requirements of Section 16733.

10 (3) Any provisions for the redemption of the commercial paper
11 notes prior to stated maturity.

12 (4) The technical form and language of the commercial paper
13 notes.

14 (5) All other terms and conditions of the commercial paper notes
15 and of their execution, issuance, and sale, deemed necessary and
16 appropriate by the committee.

17 (b) Notwithstanding any other provision of this chapter, when
18 the committee determines to issue commercial paper notes, all of
19 the following shall apply:

20 (1) The commercial paper notes may be sold at negotiated sale
21 at a price below the par value in a manner consistent with paragraph
22 (2) of subdivision (a).

23 (2) During the term of any program of commercial paper notes,
24 the renewal and reissuance from time to time of the commercial
25 paper notes in an amount up to the maximum amount authorized
26 by the resolution shall be deemed to be a refunding of the
27 previously maturing amount, permitted by and consistent with
28 Article 6 (commencing with Section 16780).

29 (3) Consistent with the intent for the General Fund to realize a
30 savings in debt service costs when commercial paper notes are
31 issued in place of bonds without shifting or adding financing and
32 debt service costs to the bond funds, the state administrative costs
33 of commercial paper and interest payable and other costs associated
34 with commercial paper notes shall be paid for as follows:

35 (A) The proceeds of commercial paper notes are,
36 notwithstanding Section 13340, continuously appropriated to pay
37 the state administrative costs of commercial paper including, but
38 not limited to, costs of the Treasurer's office, the Controller's
39 office, and the Department of Finance.

(B) ~~The~~ *An amount necessary to pay the interest payable on maturing commercial paper notes and other costs associated with commercial paper notes not specified in subparagraph (A), including, but not limited to, remarketing fees, issuing and paying agent fees, the letter or line of credit provider fees, the rating agency fees, and bond counsel fees, shall be paid from the General Fund which, notes, up to the maximum rate authorized by law, is, notwithstanding Section 13340, is continuously appropriated from the General Fund to pay the interests and costs: interest.*

(C) *Notwithstanding Section 13340, there is continuously appropriated from the General Fund, an amount necessary to pay the costs associated with commercial paper notes that are not described in subparagraph (A), including, but not limited to, both of the following:*

(i) *Fees, costs, indemnities, and other similar expenses incurred under or in connection with agreements to purchase commercial paper notes, including, but not limited to, letters or lines of credit, not to exceed annually for each agreement 3 percent of the maximum principal amount of commercial paper notes that could be purchased and outstanding at any one time pursuant to an agreement.*

(ii) *All other costs, including, but not limited to, remarketing and dealer fees, issuing and paying agent fees, rating agency fees, and bond counsel fees, in an annual amount not to exceed 0.25 percent of the highest sum at any time during that year of the maximum principal amount of commercial paper notes authorized by all resolutions.*

SEC. 41. *Section 17090 of the Government Code is amended to read:*

17090. Whenever any warrant lawfully drawn by the Controller is lost or destroyed before it is paid by the Treasurer, the owner or custodian may, prior to the time the warrant becomes void, procure the issuance of a ~~duplicate~~ replacement warrant upon compliance with this article.

SEC. 42. *Section 17091 of the Government Code is amended to read:*

17091. Application for a ~~duplicate~~ replacement warrant shall be made by filing with the Controller:

1 (a) An affidavit setting forth the fact of its loss or destruction,
2 giving the number, date, amount, and name of the payee, together
3 with all material facts relative to the loss or destruction.

4 (b) An agreement to indemnify and hold harmless the state, its
5 ~~officers~~ *officers*, and employees, from any loss resulting from the
6 issuance of the ~~duplicate~~ *replacement* warrant.

7 No indemnity agreement shall be required: (1) when the payee
8 is the United States Government, a state of the United States, any
9 agency, instrumentality or officer of the United States Government
10 or of a state, or any county, city, city and county, town, district,
11 or other political subdivision of a state, or any officer thereof; or
12 (2) when the owner or custodian is the State of California or any
13 agency or officer thereof.

14 The Controller need not require an indemnity agreement if the
15 Controller determines that it is in the best interest of the state and
16 that the state is adequately protected without an agreement.

17 *SEC. 43. Section 17093 of the Government Code is amended*
18 *to read:*

19 17093. If the application is approved, the Controller shall issue
20 and deliver to the applicant, on demand, a ~~duplicate~~ *replacement*
21 warrant for the full amount of the original warrant. When the
22 Controller issues the ~~duplicate~~, *replacement*, he or she shall notify
23 the Treasurer that a ~~duplicate~~ *replacement* warrant has been issued
24 and identify the warrant.

25 *SEC. 44. Section 17094 of the Government Code is amended*
26 *to read:*

27 17094. The Controller shall make the proper entries on his
28 books, showing the lost or destroyed warrants, and the issuance
29 of ~~duplicate~~ *replacement* warrants in lieu thereof.

30 *SEC. 45. Section 17095 of the Government Code is amended*
31 *to read:*

32 17095. The Treasurer shall pay ~~such a duplicate~~ *a replacement*
33 warrant as though it were the original.

34 *SEC. 46. Section 17096 of the Government Code is amended*
35 *to read:*

36 17096. A ~~duplicate~~ *replacement* warrant is void if not presented
37 to the Treasurer for payment within the same time limit provided
38 by law for the original warrant.

39 *SEC. 47. Section 17097 of the Government Code is amended*
40 *to read:*

17097. Any loss incurred in connection with the issuance of a duplicate replacement warrant shall be charged against the account from which the payment was derived.

SEC. 48. Section 17617 of the Government Code is amended to read:

17617. The total amount due to each city, county, city and county, and special district, for which the state has determined that reimbursement is required under paragraph (2) of subdivision (b) of Section 6 of Article XIII B of the California Constitution, shall be appropriated for payment to these entities over a period of not more than 15 years, commencing with the Budget Act for the 2006–07 fiscal year and concluding with the Budget Act for the 2020–21 fiscal year. There shall be no appropriation for payment of reimbursement claims submitted pursuant to this section for the ~~2012–13, 2013–14, and 2014–15~~ 2012–13 and 2013–14 fiscal years.

SEC. 49. Section 20035.11 is added to the Government Code, immediately following Section 20035.10, to read:

20035.11. (a) For purposes of this section, “pay letter” means the set of instructions issued by the Department of Human Resources to the Controller and other state agencies of approved changes to civil service pay scales that affect a supervisor or manager of State Bargaining Unit 9 or State Bargaining Unit 10 whose monthly salary is increased effective July 1, 2014, pursuant to this pay letter.

(b) A supervisor or manager of State Bargaining Unit 9 or State Bargaining Unit 10 to whom the pay letter applies and who retires or dies on or after July 1, 2014, shall, for purposes of determining any pension or benefit, have his or her final compensation pursuant to Section 7522.32, 20035, 20035.9, 20035.10, 20037, 20037.11, or 20037.15, modified as described in this section. Any salary increase as provided in the pay letter that exceeds 5 percent shall not be included in final pensionable compensation or compensation earnable for the member, except as follows:

(1) For July 1, 2014, to June 30, 2015, inclusive, only that portion of the salary increase representing up to $33\frac{1}{3}$ percent of the excess salary increase identified in the pay letter shall be recognized for purposes of determining his or her compensation earnable or pensionable compensation during the fiscal year period.

1 (2) For July 1, 2015, to June 30, 2016, inclusive, only that
2 portion of the salary increase representing up to 66 $\frac{2}{3}$ percent of
3 the excess salary increase identified in the pay letter shall be
4 recognized for purposes of determining his or her compensation
5 earnable or pensionable compensation during the fiscal year
6 period.

7 (3) On and after July 1, 2016, the entire pay increase identified
8 in the pay letter shall be recognized for purposes of determining
9 his or her compensation earnable or pensionable compensation
10 for service performed on or after that date.

11 (c) A supervisor or manager of State Bargaining Unit 9 or State
12 Bargaining Unit 10 shall pay employee retirement contributions
13 on the full amount of the salary increase provided pursuant to the
14 pay letter. A member that has his or her final compensation
15 modified pursuant to subdivision (b) shall not be eligible for any
16 refund of his or her employee retirement contributions associated
17 with that salary increase unless he or she elects a full refund of
18 his or her retirement contributions and ceases to be a member of
19 the system.

20 (d) The increased costs, if any, that result from the
21 administration of this section shall be paid by the employer.

22 (e) The Department of Human Resources shall identify the job
23 classifications receiving salary increases in the pay letter. The
24 Department of Human Resources and any department that employs
25 the affected managers and supervisors shall provide the system
26 and the Controller; upon request, any information necessary to
27 implement this section. The Controller shall provide the system,
28 upon request, any information necessary to implement this section.

29 SEC. 50. Section 22802 of the Government Code is amended
30 to read:

31 22802. (a) An annuitant whose retirement allowance is not
32 sufficient to pay his or her required contribution for the health
33 benefit plan in which he or she is enrolled may only remain
34 enrolled if the annuitant pays to the board the balance of the
35 contributions plus the related administrative costs, as determined
36 by the board.

37 (b) (1) The annuitant shall pay the complementary annuitant
38 premium by remitting to the board quarterly payments in advance,
39 or by alternative monthly payment as determined by the board.

1 (2) The board may charge each annuitant who elects to pay the
2 complementary annuitant premium an initial setup charge and a
3 monthly maintenance charge, in amounts sufficient to ensure the
4 ongoing support of the complementary annuitant premium program.

5 (3) If payments are not received by the 10th of the month for
6 the following month, coverage shall be terminated and may not
7 be resumed until the next open enrollment period.

8 (c) Upon receipt of a written application, the benefits provided
9 by this section shall commence on the first day of the month
10 following receipt of the application and the payment required by
11 the board.

12 (d) The board has no duty to identify, locate, or notify any
13 annuitant who may be eligible for the benefit provided by this
14 section.

15 (e) Any complementary annuitant premium or any balance of
16 unpaid health benefit plan premiums that accrues and remains
17 unpaid at the time of the death of an annuitant shall be paid in
18 accordance with the sequence prescribed in Section 21506.

19 (f) All moneys received pursuant to this section shall be
20 deposited in the Public Employees' Contingency Reserve Fund in
21 the account provided by subdivision ~~(e)~~ (f) of Section 22910.

22 *SEC. 51. Section 22910 of the Government Code is amended*
23 *to read:*

24 22910. (a) There shall be maintained in the State Treasury the
25 Public Employees' Contingency Reserve Fund. The board may
26 invest funds in the Public Employees' Contingency Reserve Fund
27 in accordance with the provisions of law governing its investment
28 of the retirement fund.

29 (b) (1) An account shall be maintained within the Public
30 Employees' Contingency Reserve Fund with respect to the health
31 benefit plans the board has approved or that have entered into a
32 contract with the board. The account shall be credited, from time
33 to time and in amounts as determined by the board, with moneys
34 contributed under Section 22885 or 22901 to provide an adequate
35 contingency reserve. The income derived from any dividends, rate
36 adjustments, or other funds received from a health benefit plan
37 shall be credited to the account. The board may deposit, in the
38 same manner as provided in paragraph (4), up to one-half of 1
39 percent of premiums in the account for purposes of cost

1 containment programs, subject to approval as provided in paragraph
2 (2) of subdivision (c).

3 (2) The account for health benefit plans may be utilized to defray
4 increases in future rates, to reduce the contributions of employees
5 and annuitants and employers, to implement cost containment
6 programs, or to increase the benefits provided by a health benefit
7 plan, as determined by the board. The board may use penalties and
8 interest deposited pursuant to subdivision (c) of Section 22899 to
9 pay any difference between the adjusted rate set by the board
10 pursuant to Section 22864 and the applicable health benefit plan
11 contract rates.

12 (3) The total credited to the account for health benefit plans at
13 any time shall be limited, in the manner and to the extent the board
14 may find to be most practical, to a maximum of 10 percent of the
15 total of the contributions of the employers and employees and
16 annuitants in any fiscal year. The board may undertake any action
17 to ensure that the maximum amount prescribed for the fund is
18 approximately maintained.

19 (4) Board rules and regulations adopted pursuant to Section
20 22831 to minimize the impact of adverse selection or contracts
21 entered into pursuant to Section 22864 to implement health benefit
22 plan performance incentives may provide for deposit in and
23 disbursement to carriers or to Medicare from the account the
24 portion of the contributions otherwise payable directly to the
25 carriers by the Controller under Section 22913 as may be required
26 for that purpose. The deposits shall not be included in applying
27 the limitations, prescribed in paragraph (3), on total amounts that
28 may be deposited in or credited to the fund.

29 (5) Notwithstanding Section 13340, all moneys in the account
30 for health benefit plans are continuously appropriated without
31 regard to fiscal year for the purposes provided in this subdivision.

32 (c) (1) An account shall also be maintained in the Public
33 Employees' Contingency Reserve Fund for administrative expenses
34 consisting of funds deposited for this purpose pursuant to Sections
35 22885 and 22901.

36 (2) The moneys deposited pursuant to Sections 22885 and 22901
37 in the Public Employees' Contingency Reserve Fund may be
38 expended by the board for administrative purposes, provided that
39 the expenditure is approved by the Department of Finance and the
40 Joint Legislative Budget Committee in the manner provided in the

1 Budget Act for obtaining authorization to expend at rates requiring
2 a deficiency appropriation, regardless of whether the expenses
3 were anticipated.

4 *(d) An account shall be maintained in the Public Employees’*
5 *Contingency Reserve Fund for the contributions required pursuant*
6 *to Section 22870. Notwithstanding Section 13340, the funds are*
7 *continuously appropriated, without regard to fiscal year, for the*
8 *payment of premiums or other charges to carriers or the Public*
9 *Employees’ Health Care Fund. This subdivision shall not apply*
10 *to state administrative costs, which shall continue to be subject to*
11 *Section 13340.*

12 ~~(d)~~

13 *(e) An account shall be maintained in the Public Employees’*
14 *Contingency Reserve Fund for health plan premiums paid by*
15 *contracting agencies, including the contributions required pursuant*
16 *to Section 22890 and for payments made pursuant to subdivision*
17 *(f) of Section 22850. Notwithstanding Section 13340, the funds*
18 *are continuously appropriated, without regard to fiscal year, for*
19 *the payment of premiums or other charges to carriers or the Public*
20 *Employees’ Health Care Fund. Penalties and interest paid pursuant*
21 *to subdivision (c) of Section 22899 shall be deposited in the*
22 *account pursuant to paragraphs (1) and (2) of subdivision (b).*

23 ~~(e)~~

24 *(f) Accounts shall be maintained in the Public Employees’*
25 *Contingency Reserve Fund for complementary annuitant premiums*
26 *and related administrative expenses paid by annuitants pursuant*
27 *to Section 22802. Notwithstanding Section 13340, the funds are*
28 *continuously appropriated, without regard to fiscal year, to*
29 *reimburse the Public Employees’ Retirement Fund, the Judges’*
30 *Retirement Fund, the Judges’ Retirement Fund II, and the*
31 *Legislators’ Retirement Fund, as applicable, for payment of*
32 *annuitant health premiums, and for the payment of premiums and*
33 *other charges to carriers or to the Public Employees’ Health Care*
34 *Fund. Administrative expenses deposited in this account shall be*
35 *credited to the account provided by subdivision (c).*

36 ~~(f)~~

37 *(g) Amounts received by the board for retiree drug subsidy*
38 *payments that are attributed to contracting agencies and their*
39 *annuitants and employees pursuant to subdivision (c) of Section*
40 *22910.5 shall be deposited in the Public Employees’ Contingency*

1 Reserve Fund. Notwithstanding Section 13340, these amounts are
2 continuously appropriated, without regard to fiscal year, for the
3 payment of premiums, costs, contributions, or other benefits related
4 to contracting agencies and their employees and annuitants, and
5 as consistent with the Medicare Prescription Drug Improvement
6 and Modernization Act, as amended.

7 ~~(g)~~

8 *(h)* The Account for Retiree Drug Subsidy Payments is hereby
9 established in the Public Employees' Contingency Reserve Fund
10 and funds in that account shall, upon appropriation by the
11 Legislature, be used for the purposes described in Section 22910.5.

12 ~~(h)~~

13 *(i)* Notwithstanding any other law, the Controller may use the
14 moneys in the Public Employees' Contingency Reserve Fund for
15 loans to the General Fund as provided in Sections 16310 and
16 16381. However, interest shall be paid on all moneys loaned to
17 the General Fund from the Public Employees' Contingency Reserve
18 Fund. Interest payable shall be computed at a rate determined by
19 the Pooled Money Investment Board to be the current earning rate
20 of the fund from which loaned. This subdivision does not authorize
21 any transfer that will interfere with the carrying out of the object
22 for which the Public Employees' Contingency Reserve Fund was
23 created.

24 *SEC. 52. Section 22910.5 of the Government Code is amended*
25 *to read:*

26 22910.5. (a) For purposes of this section, the following
27 definitions shall apply:

28 (1) "Local annuitant" means an annuitant other than a state
29 annuitant.

30 (2) "Local employee" means an employee other than a state
31 employee.

32 (3) "Retiree drug subsidy" means those amounts described in
33 Section 423.886 of Title 42 of the Code of Federal Regulations.

34 (4) "State annuitant" means an annuitant who is retired from
35 service with the state, including the California State University.

36 (5) "State employee" means an employee who is in the
37 employment of the state, including the California State University.

38 (b) For purposes of applying for and receiving funds as part of
39 a retiree drug subsidy, the board is designated as the sponsor of a
40 qualified retiree prescription drug plan for a state or contracting

1 agency plan, or a related plan, or an individual if both of the
2 following apply:

3 (1) The system applies for a retiree drug subsidy related to the
4 plan or individual.

5 (2) The system meets the definition of a plan sponsor as
6 described in Section 1395w-132(c) of Title 42 of the United States
7 Code.

8 (c) When the board performs the duties described in subdivision
9 (b) related to, or applies for funds attributable to, a retiree drug
10 subsidy for a contracting agency plan, local annuitant, or local
11 employee, the board shall take all necessary steps to ensure that
12 any funds received by the board shall be deposited in the Public
13 Employees' Contingency Reserve Fund as described in subdivision
14 ~~(f)~~ (g) of Section 22910.

15 (d) When the board performs the duties described in subdivision
16 (b) related to, or applies for funds attributable to, a retiree drug
17 subsidy for a state plan, state annuitant, state employee, or state
18 employee association health benefit plan, the board shall take all
19 necessary steps to deposit these funds in the Account for Retiree
20 Drug Subsidy Payments as described in subdivision ~~(g)~~ (h) of
21 Section 22910.

22 (e) Notwithstanding any other law, all funds received by the
23 board as a result of a retiree drug subsidy application attributable
24 to a state employee or state annuitant, or the eligible dependent,
25 beneficiary, or similarly situated person of that state employee or
26 state annuitant, shall be deposited in the Account for Retiree Drug
27 Subsidy Payments, as described in subdivision ~~(g)~~ (h) of Section
28 22910.

29 (f) Notwithstanding any other law, funds from the Account for
30 Retiree Drug Subsidy Payments that is maintained in the Public
31 Employees' Contingency Reserve Fund shall be appropriated by
32 the Legislature in the annual Budget Act for the purposes described
33 in this section. The Legislature shall, in the annual Budget Act,
34 specify how these funds are to be used, consistent with the federal
35 Medicare Prescription Drug Improvement and Modernization Act,
36 as amended, including the following purposes:

37 (1) Reducing the contributions by the state from the General
38 Fund or other funds in the State Treasury for health benefits that
39 include prescription drug benefits for state annuitants.

(2) Reducing contributions by state annuitants for their health benefits that include prescription drug benefits.

(3) Defraying increases in future employer or state annuitant health benefit or prescription drug rates.

(4) Implementing cost containment programs related to state annuitant health benefits that include prescription drug benefits.

(5) Increasing state annuitant health benefits or prescription drug benefits.

SEC. 53. Section 22913 of the Government Code is amended to read:

~~22913. (a) Contributions of employees, annuitants, and employers not credited to the Public Employees' Contingency Reserve Fund for purposes specified in Section 22885 or 22901 shall be utilized to pay the premiums or other charges to carriers or to the Public Employees' Health Care Fund.~~

~~(b)~~

22913. (a) The Controller shall suitably identify and remit the state's contribution for each employee or annuitant monthly to the Public Employees' ~~Health Care Fund or to the carriers,~~ *Contingency Reserve Fund*, together with amounts authorized by the employees and annuitants to be deducted from their salaries or retirement allowances for payment of the employee contribution.

~~(c)~~

(b) The contributions of employees and annuitants of contracting agencies and the contributions of contracting agency employers shall be suitably identified and remitted monthly to the ~~carriers~~ *Public Employees' Contingency Reserve Fund* by warrant of the Controller upon claims filed by the board.

SEC. 54. Section 26915 of the Government Code is repealed.

~~26915. (a) Any requirement that an audit be performed by the county auditor may, at the election of the board of supervisors, also be performed by a county employee or officer who meets both of the following qualifications:~~

~~(1) The person possesses a valid certificate issued by the California Board of Accountancy and a permit authorizing the person to practice as a certified public accountant or as a public accountant.~~

~~(2) The employee or officer is independent in accordance with Rule 101 of the American Institute of Certified Public Accountants' Code of Professional Conduct.~~

1 ~~(b) The election made by the board of supervisors pursuant to~~
2 ~~subdivision (a) may be in effect for no more than two years after~~
3 ~~the date that the vote is taken by the board, but the election may~~
4 ~~be renewed upon expiration.~~

5 ~~(e) This section shall only be applicable in the County of Orange.~~

6 ~~(d) Nothing in this section is intended to preclude a county~~
7 ~~auditor from performing his or her statutorily prescribed duties.~~

8 *SEC. 55. Section 50661 of the Health and Safety Code is*
9 *amended to read:*

10 50661. (a) There is hereby created in the State Treasury the
11 Housing Rehabilitation Loan Fund. All interest or other increments
12 resulting from the investment of moneys in the Housing
13 Rehabilitation Loan Fund shall be deposited in the fund,
14 notwithstanding Section 16305.7 of the Government Code.
15 Notwithstanding Section 13340 of the Government Code, all
16 money in the fund is continuously appropriated to the department
17 for the following purposes:

18 (1) For making deferred-payment rehabilitation loans for
19 financing all or a portion of the cost of rehabilitating existing
20 housing to meet rehabilitation standards as provided in this chapter.

21 (2) For making deferred payment loans as provided in Sections
22 50668.5, 50669, and 50670.

23 (3) For making deferred payment loans pursuant to Sections
24 50662.5 and 50671.

25 (4) Subject to the restrictions of Section 53131, if applicable,
26 for administrative expenses of the department made pursuant to
27 this chapter, Article 3 (commencing with Section 50693) of Chapter
28 7.5, and Chapter 10 (commencing with Section 50775).

29 (5) For related administrative costs of nonprofit corporations
30 and local public entities contracting with the department pursuant
31 to Section 50663 in an amount, if any, as determined by the
32 department, to enable the entities and corporations to implement
33 a program pursuant to this chapter. The department shall ensure
34 that not less than 20 percent of the funds loaned pursuant to this
35 chapter shall be allocated to rural areas. For purposes of this chapter
36 “rural area” shall have the same meaning as in Section 50199.21.

37 (b) There shall be paid into the fund the following:

38 (1) Any moneys appropriated and made available by the
39 Legislature for purposes of the fund.

(2) Any moneys that the department receives in repayment of loans made from the fund, including any interest thereon.

(3) Any other moneys that may be made available to the department for the purposes of this chapter from any other source or sources.

(4) Moneys transferred or deposited to the fund pursuant to Sections 50661.5 and 50778.

(c) Notwithstanding any other provision of law, any interest or other increment earned by the investment or deposit of moneys appropriated by subdivision (b) of Section 3 of Chapter 2 of the Statutes of the 1987–88 First Extraordinary Session, or Section 7 of Chapter 4 of the Statutes of the 1987–88 First Extraordinary Session, shall be deposited in a special account in the Housing Rehabilitation Loan Fund and shall be used exclusively for purposes of Sections 50662.5 and 50671.

(d) Notwithstanding any other provision of law, effective with the date of the act adding this subdivision, appropriations authorized by the Budget Act of 1996 for support of the Department of Housing and Community Development from the California Disaster Housing Repair Fund and the California Homeownership Assistance Fund shall instead be authorized for expenditure from the Housing Rehabilitation Loan Fund.

(e) Effective July 1, 2014, the California Housing Trust Fund in the State Treasury is abolished and any remaining balance, assets, liabilities, and encumbrances shall be transferred to, and become part of, the Housing Rehabilitation Loan Fund. Notwithstanding Section 13340 of the Government Code, all transferred amounts are continuously appropriated to the department for the purpose of satisfying any liabilities and encumbrances and the purposes specified in this section.

SEC. 56. Section 50840 of the Health and Safety Code is repealed.

~~50840. (a) The Legislature hereby finds and declares all of the following:~~

~~(1) California is experiencing a severe housing shortage that compounds itself further each year. While it is estimated that 250,000 new homes are needed each year to keep up with demand, only 140,000 building permits for new residential housing were issued in 1999. Moreover, the average number of residential~~

1 building permits issued over the last seven years is only 105,000
2 new units per year.

3 (2) ~~The shortage in housing supply has led to skyrocketing~~
4 ~~home sale and rental prices, which have made housing unaffordable~~
5 ~~to many Californians. Seven of the nation's 10 least affordable~~
6 ~~metropolitan areas for housing are in California. More than 35~~
7 ~~percent of renter households experience an extreme housing cost~~
8 ~~burden, which has been defined as paying more than 50 percent~~
9 ~~of their income for housing.~~

10 (3) ~~Long-term strategies are needed to address this ongoing~~
11 ~~deficit in new home production and to meet the state's housing~~
12 ~~needs.~~

13 (4) ~~In addition to helping meet the immediate need for housing,~~
14 ~~the state will always have a role to play in assisting in the provision~~
15 ~~of housing for families unable to afford market-rate rents.~~

16 (5) ~~A permanent source of financing is needed to fulfill this~~
17 ~~ongoing need for state housing assistance.~~

18 (6) ~~A housing trust fund would provide a permanent source of~~
19 ~~financing to be used solely to fund housing programs that serve~~
20 ~~low- and very low income households.~~

21 (b) (1) ~~It is the intent of the Legislature that the principal in~~
22 ~~the California Housing Trust Fund shall not be spent, but rather~~
23 ~~invested as an endowment, and that the return on this investment~~
24 ~~be used to fund programs that meet the housing needs of lower~~
25 ~~and very low income households.~~

26 (2) ~~It is the intent of the Legislature to make a significant~~
27 ~~appropriation to the California Housing Trust Fund in the 2001-02~~
28 ~~fiscal year to ensure that there are sufficient ongoing resources to~~
29 ~~provide for the housing needs of lower income households.~~

30 *SEC. 57. Section 50841 of the Health and Safety Code is*
31 *repealed.*

32 50841. (a) ~~There is hereby created in the State Treasury the~~
33 ~~California Housing Trust Fund. Notwithstanding Section 13340~~
34 ~~of the Government Code, all money in the fund is continuously~~
35 ~~appropriated for the purposes of investment in a manner calculated~~
36 ~~to deliver the greatest rate of return consistent with the~~
37 ~~requirements of Section 16430 of the Government Code.~~

38 (b) ~~All interest or other increment resulting from investment~~
39 ~~or deposit of moneys in the fund shall be deposited in the fund,~~
40 ~~notwithstanding Section 16305.7 of the Government Code. Except~~

1 as provided in Section 50842, no money in the fund shall be spent,
2 loaned, transferred, or otherwise removed from the fund.

3 *SEC. 58. Section 50842 of the Health and Safety Code is*
4 *repealed.*

5 50842. (a) ~~All interest or other increment resulting from any~~
6 ~~investment of money in the California Housing Trust Fund may~~
7 ~~only be expended, upon appropriation by the Legislature, after~~
8 ~~allocation to the Treasurer of an amount not to exceed one-half of~~
9 ~~1 percent of any interest and other increment to cover the actual~~
10 ~~cost of administering those investments, for housing programs or~~
11 ~~those portions of housing programs authorized by law that serve~~
12 ~~lower and very low income households, as defined in Sections~~
13 ~~50079.5 and 50105, respectively.~~

14 (b) ~~Not less than 20 percent of any interest or other increment~~
15 ~~appropriated by the Legislature in any fiscal year from the~~
16 ~~California Housing Trust Fund shall be expended in rural areas,~~
17 ~~as defined by Section 50199.21.~~

18 (c) ~~Any interest or other increment not appropriated by the~~
19 ~~Legislature for the purpose described in subdivision (a) in the fiscal~~
20 ~~year succeeding its accrual shall be deposited in the California~~
21 ~~Housing Trust Fund and shall no longer be deemed interest or~~
22 ~~other increment for the purposes of this section.~~

23 *SEC. 59. Section 51452 of the Health and Safety Code is*
24 *amended to read:*

25 51452. (a) The School Facilities Fee Assistance Fund is hereby
26 established in the State Treasury and, notwithstanding Section
27 13340 of the Government Code, all money in the fund is
28 continuously appropriated to the Department of General Services
29 for the purposes of this chapter. All repayments of disbursed funds
30 pursuant to this chapter or any interest earned from the investment
31 in the Surplus Money Investment Fund or any other moneys
32 accruing to the fund from whatever source shall be returned to the
33 fund and are available for allocation by the California Housing
34 Finance Agency to programs established pursuant to this chapter.

35 (b) The following amounts are hereby appropriated from the
36 General Fund to the School Facilities Fee Assistance Fund for
37 administrative costs and to make payments to purchasers of newly
38 constructed residential structures and housing sponsors of housing
39 developments pursuant to this chapter from that fund by fiscal year
40 as follows:

1 (1) Twenty million dollars (\$20,000,000) in the 1998–99 fiscal
2 year.

3 (2) Forty million dollars (\$40,000,000) in the 1999–2000 fiscal
4 year.

5 (3) Forty million dollars (\$40,000,000) in the 2000–01 fiscal
6 year.

7 (4) Forty million dollars (\$40,000,000) in the 2001–02 fiscal
8 year.

9 (c) The funds shall be distributed to each program in proportion
10 to the original total amounts available for each program as follows:

11 (1) Twenty-eight million dollars (\$28,000,000) shall be
12 available for the program set forth in paragraph (1) of subdivision
13 (a) of Section 51451, except that any funds not expended within
14 18 months of their appropriation and availability may also be
15 available for programs set forth in paragraphs (2) and (3) of
16 subdivision (a) of Section 51451.

17 (2) Twenty-eight million dollars (\$28,000,000) shall be
18 available for the program set forth in paragraph (2) of subdivision
19 (a) of Section 51451, except that any funds not expended within
20 18 months of their appropriation and availability may also be
21 available for the program set forth in paragraph (3) of subdivision
22 (a) of Section 51451.

23 (3) Fifty-two million dollars (\$52,000,000) shall be available
24 for the program set forth in paragraph (3) of subdivision (a) of
25 Section 51451.

26 (4) Fifty-two million dollars (\$52,000,000) shall be available
27 for the program set forth in subdivision (b) of Section 51451.

28 (d) Reservations received on or after January 1, 2002, for
29 participation in the programs authorized by Section 51451 shall
30 not be honored by the California Housing Finance Agency. As of
31 that date, any unobligated amounts remaining in the School
32 Facilities Fee Assistance Fund after the transfer made pursuant to
33 Item 1760-115-0101 of Section 2.00 of the Budget Act of 2001
34 (Chapter 106 of the Statutes of 2001) shall be transferred to the
35 General Fund.

36 ~~(e) Any right to receive repayments of assistance provided for~~
37 ~~by Section 51451 shall be an asset of the School Facilities Fee~~
38 ~~Assistance Fund. Any assistance provided for by Section 51451~~
39 ~~that is reserved but not ultimately paid, or is repaid to the California~~

~~Housing Finance Agency, shall be remitted to the Department of General Services for deposit into the General Fund.~~

(e) Effective July 1, 2014, the School Facilities Fee Assistance Fund in the State Treasury is abolished and any remaining balance, assets, liabilities, and encumbrances in the fund as of July 1, 2014, are transferred to the Housing Rehabilitation Loan Fund. Notwithstanding Section 13340 of the Government Code, all transferred amounts are continuously appropriated to the department for the purpose of satisfying any liabilities and encumbrances and the purposes specified in this section.

SEC. 60. Section 53545 of the Health and Safety Code is amended to read:

53545. The Housing and Emergency Shelter Trust Fund of 2006 is hereby created in the State Treasury. The Legislature intends that the proceeds of bonds deposited in the fund shall be used to fund the housing-related programs described in this chapter over the course of the next decade. The proceeds of bonds issued and sold pursuant to this part for the purposes specified in this chapter shall be allocated in the following manner:

(a) (1) One billion five hundred million dollars (\$1,500,000,000) to be deposited in the Affordable Housing Account, which is hereby created in the fund. Notwithstanding Section 13340 of the Government Code, the money in the account shall be continuously appropriated in accordance with the following schedule:

(A) (i) Three hundred forty-five million dollars (\$345,000,000) shall be transferred to the Housing Rehabilitation Loan Fund to be expended for the Multifamily Housing Program authorized by Chapter 6.7 (commencing with Section 50675) of Part 2. The priorities specified in Section 50675.13 shall apply to the expenditure of funds pursuant to this clause.

(ii) Fifty million dollars (\$50,000,000) shall be transferred to the Housing Rehabilitation Loan Fund to be expended under the Multifamily Housing Program authorized by Chapter 6.7 (commencing with Section 50675) of Part 2 for housing meeting the definitions in paragraphs (2) and (3) of subdivision (e) of Section 11139.3 of the Government Code. The department may provide higher per-unit loan limits as necessary to achieve affordable housing costs to the target population. Any funds not encumbered for the purposes of this clause by July 31, 2011, shall revert for general use in the Multifamily Housing Program unless

1 the department determines that funds should revert sooner due to
2 diminished demand.

3 (B) One hundred ninety-five million dollars (\$195,000,000)
4 shall be transferred to the Housing Rehabilitation Loan Fund to
5 be expended for the Multifamily Housing Program authorized by
6 Chapter 6.7 (commencing with Section 50675) of Part 2, to be
7 used for supportive housing for individuals and households moving
8 from emergency shelters or transitional housing or those at risk of
9 homelessness. The Department of Housing and Community
10 Development shall provide for higher per-unit loan limits as
11 reasonably necessary to achieve housing costs affordable to those
12 individuals and households. For purposes of this subparagraph,
13 “supportive housing” means housing with no limit on length of
14 stay, that is occupied by the target population, as defined in
15 subdivision (d) of Section 53260, and that is linked to onsite or
16 offsite services that assist the tenant to retain the housing, improve
17 his or her health status, maximize his or her ability to live, and,
18 when possible, work in the community. The criteria for selecting
19 projects shall give priority to:

20 (i) Supportive housing for people with disabilities who would
21 otherwise be at high risk of homelessness where the applications
22 represent collaboration with programs that meet the needs of the
23 person’s disabilities.

24 (ii) Projects that demonstrate funding commitments from local
25 governments for operating subsidies or services funding, or both,
26 for five years or longer.

27 (C) One hundred thirty-five million dollars (\$135,000,000) shall
28 be transferred to the fund created by subdivision (b) of Section
29 50517.5 to be expended for the programs authorized by Chapter
30 3.2 (commencing with Section 50517.5) of Part 2. *The Department*
31 *of Housing and Community Development shall be deemed an*
32 *eligible recipient for the purposes of reconstructing and*
33 *rehabilitating migrant centers operated through the Office of*
34 *Migrant Services pursuant to Chapter 8.5 (commencing with*
35 *Section 50710) of Part 2 that are in need of significant repairs or*
36 *rehabilitation to ensure the health and safety of residents, and*
37 *shall not be subject to any of the recipient requirements of Chapter*
38 *3.2 (commencing with Section 50517.5) of Part 2. To the extent*
39 *no other funding sources are available, the department may directly*

1 *expend up to eleven million dollars (\$11,000,000) for purposes of*
2 *reconstructing and rehabilitating migrant centers.*

3 (D) Three hundred million dollars (\$300,000,000) shall be
4 transferred to the Self-Help Housing Fund created by Section
5 50697.1. These funds shall be available to the Department of
6 Housing and Community Development, to be expended for the
7 purposes of enabling households to become or remain homeowners
8 pursuant to the CalHome Program authorized by Chapter 6
9 (commencing with Section 50650) of Part 2, except ten million
10 dollars (\$10,000,000) shall be expended for construction
11 management under the California Self-Help Housing Program
12 pursuant to subdivision (b) of Section 50696.

13 (E) Two hundred million dollars (\$200,000,000) shall be
14 transferred to the Self-Help Housing Fund created by Section
15 50697.1. These funds shall be available to the California Housing
16 Finance Agency, to be expended for the purposes of the California
17 Homebuyer's Downpayment Assistance Program authorized by
18 Chapter 11 (commencing with Section 51500) of Part 3. Up to one
19 hundred million dollars (\$100,000,000) of these funds may be
20 expended pursuant to subdivision (b) of Section 51504.

21 (F) One hundred million dollars (\$100,000,000) shall be
22 transferred to the Affordable Housing Innovation Fund, which is
23 hereby created in the State Treasury, to be administered by the
24 Department of Housing and Community Development. Funds shall
25 be expended for competitive grants or loans to sponsoring entities
26 that develop, own, lend, or invest in affordable housing and used
27 to create pilot programs to demonstrate innovative, cost-saving
28 approaches to creating or preserving affordable housing. Specific
29 criteria establishing eligibility for and use of the funds shall be
30 established in statute as approved by a $\frac{2}{3}$ vote of each house of
31 the Legislature. Any funds not encumbered for the purposes set
32 forth in this subparagraph within 30 months of availability shall
33 revert to the Self-Help Housing Fund created by Section 50697.1
34 and shall be available for the purposes described in subparagraph
35 (D).

36 (G) One hundred twenty-five million dollars (\$125,000,000)
37 shall be transferred to the Building Equity and Growth in
38 Neighborhoods Fund to be used for the Building Equity and
39 Growth in Neighborhoods (BEGIN) Program pursuant to Chapter
40 14.5 (commencing with Section 50860) of Part 1. Any funds not

1 encumbered for the purposes set forth in this subparagraph by
2 November 17, 2011, shall revert for general use in the CalHome
3 Program unless the department determines that funds should revert
4 sooner due to diminished demand.

5 (H) Fifty million dollars (\$50,000,000) shall be transferred to
6 the Emergency Housing and Assistance Fund for both of the
7 following purposes:

8 (i) Distribution of capital development grants under the
9 Emergency Housing and Assistance Program authorized by Chapter
10 11.5 (commencing with Section 50800) of Part 2 of Division 31.
11 The funds shall be administered by the Department of Housing
12 and Community Development in a manner consistent with the
13 restrictions and authorizations contained in Provision 3 of Item
14 2240-105-0001 of the Budget Act of 2000, except that any
15 appropriations in that item shall not apply. The competitive system
16 used by the department shall incorporate priorities set by the
17 designated local boards and their input as to the relative merits of
18 submitted applications from within the designated local board's
19 county in relation to those priorities. In addition, the funding
20 limitations contained in this section shall not apply to the
21 appropriation in that budget item.

22 (ii) The availability of funds for supportive housing purposes
23 specified in subparagraph (B).

24 (2) The Legislature may, from time to time, amend the
25 provisions of law related to programs to which funds are, or have
26 been, allocated pursuant to this subdivision for the purpose of
27 improving the efficiency and effectiveness of the program, or for
28 the purpose of furthering the goals of the program.

29 (3) With the revenues from bond proceeds issued and sold
30 pursuant to this part, the Bureau of State Audits shall conduct
31 periodic audits to ensure that bond proceeds are awarded in a timely
32 fashion and in a manner consistent with the requirements of this
33 section, and that awardees of bond proceeds are using funds in
34 compliance with applicable provisions of this section. The first
35 audit shall be conducted no later than one year from voter approval
36 of this part.

37 (4) In its annual report to the Legislature, the Department of
38 Housing and Community Development shall report how funds that
39 were made available pursuant to this subdivision and allocated in

1 the prior year were expended. The department shall make the report
2 available to the public on its Internet Web site.

3 (b) Eight hundred fifty million dollars (\$850,000,000) shall be
4 deposited in the Regional Planning, Housing, and Infill Incentive
5 Account, which is hereby created in the fund. Funds in the account
6 shall be available, upon appropriation by the Legislature, and
7 subject to such other conditions and criteria as the Legislature may
8 provide in statute, for the following purposes:

9 (1) For infill incentive grants for capital outlay related to infill
10 housing development and other related infill development,
11 including, but not limited to, all of the following:

12 (A) No more than two hundred million dollars (\$200,000,000)
13 for park creation, development, or rehabilitation to encourage infill
14 development.

15 (B) Water, sewer, or other public infrastructure costs associated
16 with infill development.

17 (C) Transportation improvements related to infill development
18 projects.

19 (D) Traffic mitigation.

20 (2) For brownfield cleanup that promotes infill housing
21 development and other related infill development consistent with
22 regional and local plans.

23 (c) Three hundred million dollars (\$300,000,000) to be deposited
24 in the Transit-Oriented Development Account, which is hereby
25 created in the fund, for transfer to the Transit-Oriented
26 Development Implementation Fund, for expenditure, upon
27 appropriation by the Legislature, pursuant to the Transit-Oriented
28 Development Implementation Program authorized by Part 13
29 (commencing with Section 53560).

30 (d) Two hundred million dollars (\$200,000,000) shall be
31 deposited in the Housing Urban-Suburban-and-Rural Parks
32 Account, which is hereby created in the fund. Funds in the account
33 shall be available upon appropriation by the Legislature for
34 housing-related parks grants in urban, suburban, and rural areas,
35 subject to the conditions and criteria that the Legislature may
36 provide in statute.

37 *SEC. 61. Section 135 of the Labor Code is amended to read:*

38 135. In accordance with rules of practice and procedure that it
39 may adopt, the appeals board may, with the approval of the
40 ~~Department of Finance~~, *Secretary of State*, destroy or otherwise

1 dispose of any file kept by it in connection with any proceeding
2 under Division 4 (commencing with Section 3200) or Division 4.5
3 (commencing with Section 6100).

4 *SEC. 62. Section 1725.5 is added to the Labor Code, to read:*

5 *1725.5. A contractor shall be registered pursuant to this section*
6 *to be qualified to bid on, be listed in a bid proposal, subject to the*
7 *requirements of Section 4104 of the Public Contract Code, or*
8 *engage in the performance of any public work contract that is*
9 *subject to the requirements of this chapter. For the purposes of*
10 *this section, "contractor" includes a subcontractor as defined by*
11 *Section 1722.1.*

12 *(a) To qualify for registration under this section, a contractor*
13 *shall do all of the following:*

14 *(1) Beginning July 1, 2014, register with the Department of*
15 *Industrial Relations in the manner prescribed by the department*
16 *and pay an initial nonrefundable application fee of three hundred*
17 *dollars (\$300) to qualify for registration under this section and*
18 *an annual renewal fee on or before July 1 of each year thereafter.*
19 *The annual renewal fee shall be in a uniform amount set by the*
20 *Director of Industrial Relations, and the initial registration and*
21 *renewal fees may be adjusted no more than annually by the director*
22 *to support the costs specified in Section 1771.3.*

23 *(2) Provide evidence, disclosures, or releases as are necessary*
24 *to establish all of the following:*

25 *(A) Workers' Compensation coverage that meets the*
26 *requirements of Division 4 (commencing with Section 3200) and*
27 *includes sufficient coverage for any worker whom the contractor*
28 *employs to perform work that is subject to prevailing wage*
29 *requirements other than a contractor who is separately registered*
30 *under this section. Coverage may be evidenced by a current and*
31 *valid certificate of workers' compensation Insurance or*
32 *certification of self-insurance required under Section 7125 of the*
33 *Business and Professions Code.*

34 *(B) If applicable, the contractor is licensed in accordance with*
35 *Chapter 9 (commencing with Section 7000) of the Business and*
36 *Professions Code.*

37 *(C) The contractor does not have any delinquent liability to an*
38 *employee or the state for any assessment of back wages or related*
39 *damages, interest, fines, or penalties pursuant to any final*
40 *judgment, order, or determination by a court or any federal, state,*

1 or local administrative agency, including a confirmed arbitration
2 award. However, for purposes of this paragraph, the contractor
3 shall not be disqualified for any judgment, order, or determination
4 that is under appeal, provided that the contractor has secured the
5 payment of any amount eventually found due through a bond or
6 other appropriate means.

7 (D) The contractor is not currently debarred under Section
8 1777.1 or under any other federal or state law providing for the
9 debarment of contractors from public works.

10 (E) The contractor has not bid on a public works contract, been
11 listed in a bid proposal, or engaged in the performance of a
12 contract for public works without being lawfully registered in
13 accordance with this section, within the preceding 12 months or
14 since the effective date of the requirements set forth in subdivision
15 (e), whichever is earlier. If a contractor is found to be in violation
16 of the requirements of this paragraph, the period of disqualification
17 shall be waived if both of the following are true:

18 (i) The contractor has not previously been found to be in
19 violation of the requirements of this paragraph within the
20 preceding 12 months.

21 (ii) The contractor pays an additional nonrefundable penalty
22 registration fee of two thousand dollars (\$2,000).

23 (b) Fees received pursuant to this section shall be deposited in
24 the State Public Works Enforcement Fund established by Section
25 1771.3 and shall be used only for the purposes specified in that
26 section.

27 (c) A contractor who fails to pay the renewal fee required under
28 paragraph (1) of subdivision (a) on or before the expiration of any
29 prior period of registration shall be prohibited from bidding on
30 or engaging in the performance of any contract for public work
31 until once again registered pursuant to this section. If the failure
32 to pay the renewal fee was inadvertent, the contractor may renew
33 its registration retroactively by paying an additional nonrefundable
34 penalty renewal fee equal to the amount of the renewal fee within
35 90 days of the due date of the renewal fee.

36 (d) If, after a body awarding a contract accepts the contractor's
37 bid or awards the contract, the work covered by the bid or contract
38 is determined to be a public work to which Section 1771 applies,
39 either as the result of a determination by the director pursuant to

1 *Section 1773.5 or a court decision, the requirements of this section*
2 *shall not apply, subject to the following requirements:*

3 *(1) The body that awarded the contract failed, in the bid*
4 *specification or in the contract documents, to identify as a public*
5 *work that portion of the work that the determination or decision*
6 *subsequently classifies as a public work.*

7 *(2) Within 20 days following service of notice on the awarding*
8 *body of a determination by the Director of Industrial Relations*
9 *pursuant to Section 1773.5 or a decision by a court that the*
10 *contract was for public work as defined in this chapter, the*
11 *contractor and any subcontractors are registered under this section*
12 *or are replaced by a contractor or subcontractors who are*
13 *registered under this section.*

14 *(3) The requirements of this section shall apply prospectively*
15 *only to any subsequent bid, bid proposal, contract, or work*
16 *performed after the awarding body is served with notice of the*
17 *determination or decision referred to in paragraph (2) of this*
18 *subdivision.*

19 *(e) The requirements of this section shall apply to any bid*
20 *proposal submitted on or after March 1, 2015, and any contract*
21 *for public work, as defined in this chapter, entered into on or after*
22 *April 1, 2015.*

23 *SEC. 63. Section 1771.1 is added to the Labor Code, to read:*

24 *1771.1. (a) A contractor or subcontractor shall not be qualified*
25 *to bid on, be listed in a bid proposal, subject to the requirements*
26 *of Section 4104 of the Public Contract Code, or engage in the*
27 *performance of any contract for public work, as defined in this*
28 *chapter, unless currently registered and qualified to perform public*
29 *work pursuant to Section 1725.5. It is not a violation of this section*
30 *for an unregistered contractor to submit a bid that is authorized*
31 *by Section 7029.1 of the Business and Professions Code or by*
32 *Section 10164 or 20103.5 of the Public Contract Code, provided*
33 *the contractor is registered to perform public work pursuant to*
34 *Section 1725.5 at the time the contract is awarded.*

35 *(b) Notice of the requirement described in subdivision (a) shall*
36 *be included in all bid invitations and public works contracts, and*
37 *a bid shall not be accepted nor any contract or subcontract entered*
38 *into without proof of the contractor or subcontractor's current*
39 *registration to perform public work pursuant to Section 1725.5.*

1 (c) An inadvertent error in listing a subcontractor who is not
2 registered pursuant to Section 1725.5 in a bid proposal shall not
3 be grounds for filing a bid protest or grounds for considering the
4 bid nonresponsive, provided that any of the following apply:

5 (1) The subcontractor is registered prior to the bid opening.

6 (2) Within 24 hours after the bid opening, the subcontractor is
7 registered and has paid the penalty registration fee specified in
8 subparagraph (E) of paragraph (2) of subdivision (a) of Section
9 1725.5.

10 (3) The subcontractor is replaced by another registered
11 subcontractor pursuant to Section 4107 of the Public Contract
12 Code.

13 (d) Failure by a subcontractor to be registered to perform public
14 work as required by subdivision (a) shall be grounds under Section
15 4107 of the Public Contract Code for the contractor, with the
16 consent of the awarding authority, to substitute a subcontractor
17 who is registered to perform public work pursuant to Section
18 1725.5 in place of the unregistered subcontractor.

19 (e) The department shall maintain on its Internet Web site a list
20 of contractors who are currently registered to perform public work
21 pursuant to Section 1725.5.

22 (f) A contract entered into with any contractor or subcontractor
23 in violation of subdivision (a) shall be subject to cancellation,
24 provided that a contract for public work shall not be unlawful,
25 void, or voidable solely due to the failure of the awarding body,
26 contractor, or any subcontractor to comply with the requirements
27 of Section 1725.5 or this section.

28 (g) This section shall apply to any bid proposal submitted on
29 or after March 1, 2015, and any contract for public work entered
30 into on or after April 1, 2015.

31 SEC. 64. Section 1771.3 of the Labor Code is repealed.

32 ~~1771.3. (a) (1) The Department of Industrial Relations shall~~
33 ~~monitor and enforce compliance with applicable prevailing wage~~
34 ~~requirements for any public works project paid for in whole or~~
35 ~~part out of public funds, within the meaning of subdivision (b) of~~
36 ~~Section 1720, that are derived from bonds issued by the state, and~~
37 ~~shall charge each awarding body for the reasonable and directly~~
38 ~~related costs of monitoring and enforcing compliance with the~~
39 ~~prevailing wage requirements on each project.~~

1 ~~(2) (A) The State Public Works Enforcement Fund is hereby~~
2 ~~created as a special fund in the State Treasury. All moneys received~~
3 ~~by the department pursuant to this section shall be deposited in~~
4 ~~the fund. Notwithstanding Section 13340 of the Government Code,~~
5 ~~all moneys in the fund shall be continuously appropriated to the~~
6 ~~Department of Industrial Relations, to monitor and enforce~~
7 ~~compliance with the applicable prevailing wage requirements on~~
8 ~~public works projects paid for in whole or part out of public funds,~~
9 ~~within the meaning of subdivision (b) of Section 1720, that are~~
10 ~~derived from bonds issued by the state and other projects for which~~
11 ~~the department provides prevailing wage monitoring and~~
12 ~~enforcement activities and for which it is to be reimbursed by the~~
13 ~~awarding body, and shall not be used or borrowed for any other~~
14 ~~purpose.~~

15 ~~(B) Notwithstanding any other law, upon order of the Director~~
16 ~~of Finance, a loan in the amount of four million three hundred~~
17 ~~thousand dollars (\$4,300,000) shall be provided from the Uninsured~~
18 ~~Employers Benefit Trust Fund to the State Public Works~~
19 ~~Enforcement Fund to meet the startup needs of the Labor~~
20 ~~Compliance Monitoring Unit.~~

21 ~~(3) The Director of Industrial Relations shall adopt regulations~~
22 ~~implementing this section, specifying the activities, including, but~~
23 ~~not limited to, monthly review, and audit if appropriate, of payroll~~
24 ~~records, which the department will undertake to monitor and~~
25 ~~enforce compliance with applicable prevailing wage requirements~~
26 ~~on public works projects paid for in whole or part out of public~~
27 ~~funds, within the meaning of subdivision (b) of Section 1720, that~~
28 ~~are derived from bonds issued by the state. The department, with~~
29 ~~the approval of the Director of Finance, shall determine the rate,~~
30 ~~which the department may from time to time amend, that the~~
31 ~~department will charge to recover the reasonable and directly~~
32 ~~related costs of performing the monitoring and enforcement~~
33 ~~services for public works projects. The amount of bond funds~~
34 ~~utilized by an awarding body to pay the department's fee shall not~~
35 ~~exceed one-fourth of 1 percent of the state bond proceeds used for~~
36 ~~the public works projects, with any other remaining costs of~~
37 ~~monitoring and enforcing compliance to be paid by the awarding~~
38 ~~body from other funds authorized to be used to finance the project.~~

39 ~~(4) The reasonable and directly related costs of monitoring and~~
40 ~~enforcing compliance with the prevailing wage requirements on~~

1 a public works project incurred by the department in accordance
2 with this section are payable by the awarding body of the public
3 works project as a cost of construction. Notwithstanding any other
4 provision of law, but subject to any limitations or restrictions of
5 the bond act, the board, commission, department, agency, or official
6 responsible for the allocation of bond proceeds from the bond
7 funds shall consider and provide for amounts in support of the
8 costs when allocating or approving expenditures of bond proceeds
9 for the construction of the authorized project. The awarding body
10 may elect not to receive or expend amounts from bond proceeds
11 to pay the costs of the project; however, that election does not
12 relieve the awarding body from reimbursing the Department of
13 Industrial Relations from other funding sources for monitoring
14 and enforcing prevailing wage requirements on the project pursuant
15 to this section or any other applicable provision of law. The
16 department shall annually provide information, as specified in
17 regulations, to assist an awarding body to reasonably estimate the
18 annual cost of monitoring and enforcing compliance.

19 (b) Paragraph (1) of subdivision (a) shall not apply to any
20 contract for a public works project paid for in whole or part out of
21 public funds, within the meaning of subdivision (b) of Section
22 1720, that are derived from bonds issued by the state if the contract
23 was awarded under any of the following conditions:

24 (1) The contract was awarded prior to the effective date of
25 implementing regulations adopted by the department pursuant to
26 paragraph (3) of subdivision (a):

27 (2) The contract was awarded on or after the effective date of
28 the regulations described in paragraph (1), if the awarding body
29 had previously initiated a labor compliance program approved by
30 the department for some or all of its public works projects and had
31 not contracted with a third party to conduct such program, and
32 requests and receives approval from the department to continue
33 to operate its existing labor compliance program for its public
34 works projects paid for in whole or part out of public funds, within
35 the meaning of subdivision (b) of Section 1720, that are derived
36 from bonds issued by the state, in place of the department
37 monitoring and enforcing compliance on projects pursuant to
38 subdivision (a):

39 (3) The contract is awarded on or after the effective date of the
40 regulations described in paragraph (1), if the awarding body has

1 entered into a collective bargaining agreement that binds all of the
2 contractors performing work on the project and that includes a
3 mechanism for resolving disputes about the payment of wages.

4 (e) ~~This section shall not apply to public works projects subject~~
5 ~~to Section 75075 of the Public Resources Code.~~

6 SEC. 65. *Section 1771.3 is added to the Labor Code, to read:*

7 1771.3. (a) *The State Public Works Enforcement Fund is*
8 *hereby created as a special fund in the State Treasury to be*
9 *available upon appropriation of the Legislature. All registration*
10 *fees collected pursuant to Section 1725.5 and any other moneys*
11 *as are designated by statute or order shall be deposited in the fund*
12 *for the purposes specified in subdivision (b).*

13 (b) *Moneys in the State Public Works Enforcement Fund shall*
14 *be used only for the following purposes:*

15 (1) *The reasonable costs of administering the registration of*
16 *contractors and subcontractors to perform public work pursuant*
17 *to Section 1725.5.*

18 (2) *The costs and obligations associated with the administration*
19 *and enforcement of the requirements of this chapter by the*
20 *Department of Industrial Relations.*

21 (3) *The monitoring and enforcement of any requirement of this*
22 *code by the Labor Commissioner on a public works project or in*
23 *connection with the performance of public work as defined*
24 *pursuant to this chapter.*

25 (c) *The annual contractor registration renewal fee specified in*
26 *subdivision (a) of Section 1725.5, and any adjusted application*
27 *or renewal fee, shall be set in amounts that are sufficient to support*
28 *the annual appropriation approved by the Legislature for the State*
29 *Public Works Enforcement Fund and not result in a fund balance*
30 *greater than 25 percent of the appropriation. Any yearend balance*
31 *in the fund greater than 25 percent of the appropriation shall be*
32 *applied as a credit when determining any fee adjustments for the*
33 *subsequent fiscal year.*

34 (d) *To provide adequate cashflow for the purposes specified in*
35 *subdivision (b), the Director of Finance, with the concurrence of*
36 *the Secretary of the Labor and Workforce Development Agency,*
37 *may approve a short-term loan each fiscal year from the Labor*
38 *and Workforce Development Fund to the State Public Works*
39 *Enforcement Fund.*

1 (1) *The maximum amount of the annual loan allowable may be*
2 *up to, but shall not exceed 50 percent of the appropriation authority*
3 *of the State Public Works Enforcement Fund in the same year in*
4 *which the loan was made.*

5 (2) *For the purposes of this section, a “short-term loan” is a*
6 *transfer that is made subject to both of the following conditions:*

7 (A) *Any amount loaned is to be repaid in full during the same*
8 *fiscal year in which the loan was made, except that repayment may*
9 *be delayed until a date not more than 30 days after the date of*
10 *enactment of the annual Budget Act for the subsequent fiscal year.*

11 (B) *Loans shall be repaid whenever the funds are needed to*
12 *meet cash expenditure needs in the loaning fund or account.*

13 SEC. 66. *Section 1771.4 is added to the Labor Code, to read:*

14 1771.4. (a) *All of the following are applicable to all public*
15 *works projects that are otherwise subject to the requirements of*
16 *this chapter:*

17 (1) *The call for bids and contract documents shall specify that*
18 *the project is subject to compliance monitoring and enforcement*
19 *by the Department of Industrial Relations.*

20 (2) *The awarding body shall post or require the prime contractor*
21 *to post job site notices, as prescribed by regulation.*

22 (3) *Each contractor and subcontractor shall furnish the records*
23 *specified in Section 1776 directly to the Labor Commissioner, in*
24 *the following manner:*

25 (A) *At least monthly or more frequently if specified in the*
26 *contract with the awarding body.*

27 (B) *In a format prescribed by the Labor Commissioner.*

28 (4) *The department shall undertake those activities it deems*
29 *necessary to monitor and enforce compliance with prevailing wage*
30 *requirements.*

31 (b) *The Labor Commissioner may exempt a public works project*
32 *from compliance with all or part of the requirements of subdivision*
33 *(a) of this section if either of the following occurs:*

34 (1) *The awarding body has enforced an approved labor*
35 *compliance program, as defined in Section 1771.5, on all public*
36 *works projects under its authority, except those deemed exempt*
37 *pursuant to subdivision (a) of Section 1771.5, continuously since*
38 *December 31, 2011.*

39 (2) *The awarding body has entered into a collective bargaining*
40 *agreement that binds all contractors performing work on the*

1 *project and that includes a mechanism for resolving disputes about*
2 *the payment of wages.*

3 *(c) (1) The requirements of paragraph (1) of subdivision (a)*
4 *shall only apply to contracts for public works projects awarded*
5 *on or after January 1, 2015.*

6 *(2) The requirements of paragraph (3) of subdivision (a) shall*
7 *only apply to the following projects:*

8 *(A) Projects that were subject to a requirement to furnish*
9 *records to the Compliance Monitoring Unit pursuant to Section*
10 *16461 of Title 8 of the California Code of Regulations, prior to*
11 *the effective date of this section.*

12 *(B) Projects for which the initial contract is awarded on or after*
13 *April 1, 2015.*

14 *(C) Any other ongoing project in which the Labor Commissioner*
15 *directs the contractors or subcontractors on the project to furnish*
16 *records in accordance with paragraph (3) of subdivision (a).*

17 *(D) All projects, whether new or ongoing, on or after January*
18 *1, 2016.*

19 *SEC. 67. Section 1771.5 of the Labor Code is amended to read:*

20 *1771.5. (a) Notwithstanding Section 1771, an awarding body*
21 *may choose not to require the payment of the general prevailing*
22 *rate of per diem wages or the general prevailing rate of per diem*
23 *wages for holiday and overtime work for any public works project*
24 *of twenty-five thousand dollars (\$25,000) or less when the project*
25 *is for construction work, or for any public works project of fifteen*
26 *thousand dollars (\$15,000) or less when the project is for alteration,*
27 *demolition, repair, or maintenance work, if the awarding body*
28 *elects to either:*

29 ~~*(1) Initiate and has elected to initiate and has been approved*~~
30 ~~*by the Director of Industrial Relations to enforce a labor*~~
31 ~~*compliance program pursuant to subdivision (b) for every public*~~
32 ~~*works project under the authority of the awarding body as described*~~
33 ~~*in subdivision (e). body.*~~

34 ~~*(2) Reimburse the Department of Industrial Relations for the*~~
35 ~~*cost of monitoring and enforcing compliance with prevailing wage*~~
36 ~~*requirements for every public works project of the awarding body*~~
37 ~~*as described in subdivision (f).*~~

38 *(b) For purposes of this section, a labor compliance program*
39 *shall include, but not be limited to, the following requirements:*

1 (1) All bid invitations and public works contracts shall contain
2 appropriate language concerning the requirements of this chapter.

3 (2) A prejob conference shall be conducted with the contractor
4 and subcontractors to discuss federal and state labor law
5 requirements applicable to the contract.

6 (3) Project contractors and subcontractors shall maintain and
7 furnish, at a designated time, a certified copy of each weekly
8 payroll containing a statement of compliance signed under penalty
9 of perjury.

10 (4) The awarding body shall review, and, if appropriate, audit
11 payroll records to verify compliance with this chapter.

12 (5) The awarding body shall withhold contract payments when
13 payroll records are delinquent or inadequate.

14 (6) The awarding body shall withhold contract payments equal
15 to the amount of underpayment and applicable penalties when,
16 after investigation, it is established that underpayment has occurred.

17 (7) The awarding body shall comply with any other prevailing
18 wage monitoring and enforcement activities that are required to
19 be conducted by labor compliance programs by the Department
20 of Industrial Relations.

21 (c) For purposes of this chapter, “labor compliance program”
22 means a labor compliance program that is approved, as specified
23 in state regulations, by the Director of Industrial Relations.

24 (d) For purposes of this chapter, the Director of Industrial
25 Relations may revoke the approval of a labor compliance program
26 in the manner specified in state regulations.

27 ~~(e) An awarding body that elects to use a labor compliance~~
28 ~~program pursuant to subdivision (a) shall use the labor compliance~~
29 ~~program for all contracts for public works projects awarded prior~~
30 ~~to the effective date of the regulations adopted by the department~~
31 ~~as specified in subdivision (g). For contracts for public works~~
32 ~~projects awarded on or after the effective date of regulations~~
33 ~~adopted by the department as specified in subdivision (g), the~~
34 ~~awarding body may also elect to continue operating an existing~~
35 ~~previously approved labor compliance program in lieu of~~
36 ~~reimbursing the Department of Industrial Relations for the cost of~~
37 ~~monitoring and enforcing compliance with prevailing wage~~
38 ~~requirements on the awarding body’s public works projects if it~~
39 ~~has not contracted with a third party to conduct its labor compliance~~

1 ~~program and if it requests and receives approval from the~~
2 ~~department to continue its existing program.~~

3 ~~(f) An awarding body that elects to reimburse the department~~
4 ~~for the cost of monitoring and enforcing compliance with prevailing~~
5 ~~wage requirements for public works projects of the awarding body,~~
6 ~~pursuant to subdivision (a), shall, for all of its contracts for public~~
7 ~~works projects awarded on or after the effective date of the~~
8 ~~regulations adopted by the department as specified in subdivision~~
9 ~~(g) do all of the following:~~

10 ~~(1) Ensure that all bid invitations and public works contracts~~
11 ~~contain appropriate language concerning the requirements of this~~
12 ~~chapter.~~

13 ~~(2) Conduct a prejob conference with the contractor and~~
14 ~~subcontractor to discuss federal and state labor law requirements~~
15 ~~applicable to the contract.~~

16 ~~(3) Enter into an agreement with the department to reimburse~~
17 ~~the department for its costs of performing the service of monitoring~~
18 ~~and enforcing compliance with applicable prevailing wage~~
19 ~~requirements on the awarding body's projects.~~

20 ~~(g) The Department of Industrial Relations shall adopt~~
21 ~~regulations implementing this section specifying the activities that~~
22 ~~the department shall undertake to monitor and enforce compliance~~
23 ~~with the prevailing wage requirements on the public works projects,~~
24 ~~including, but not limited to, monthly review, and audit if~~
25 ~~appropriate, of payroll records.~~

26 ~~(h) (1) The Department of Industrial Relations shall, in~~
27 ~~accordance with paragraphs (3) and (4) of subdivision (a) of~~
28 ~~Section 1771.3, determine the rate, which the department may~~
29 ~~from time to time amend, that the department will charge for~~
30 ~~reimbursement from an awarding body for the reasonable and~~
31 ~~directly related costs of performing the specified monitoring and~~
32 ~~enforcement services for public works projects.~~

33 ~~(2) Notwithstanding paragraph (1), for public works projects~~
34 ~~paid for in whole or part out of public funds, within the meaning~~
35 ~~of subdivision (b) of Section 1720, that are derived from bonds~~
36 ~~issued by the state, the amount charged by the department shall~~
37 ~~not exceed one-fourth of 1 percent of the state bond proceeds used~~
38 ~~for the public works project, with any other remaining costs of~~
39 ~~monitoring and enforcing compliance to be paid by the awarding~~
40 ~~body from other funds authorized to be used to finance the project.~~

1 ~~(i) All amounts collected by the Department of Industrial~~
2 ~~Relations for its services pursuant to this section shall be deposited~~
3 ~~in the State Public Works Enforcement Fund.~~

4 *SEC. 68. Section 1771.7 of the Labor Code is amended to read:*

5 1771.7. (a) (1) For contracts specified in subdivision (f), an
6 awarding body that chooses to use funds derived from either the
7 Kindergarten-University Public Education Facilities Bond Act of
8 2002 or the Kindergarten-University Public Education Facilities
9 Bond Act of 2004 for a public works project, shall initiate and
10 enforce, or contract with a third party to initiate and enforce, a
11 labor compliance program, as described in subdivision (b) of
12 Section 1771.5, with respect to that public works project.

13 (2) If an awarding body described in paragraph (1) chooses to
14 contract with a third party to initiate and enforce a labor compliance
15 program for a project described in paragraph (1), that third party
16 shall not review the payroll records of its own employees or the
17 employees of its subcontractors, and the awarding body or an
18 independent third party shall review these payroll records for
19 purposes of the labor compliance program.

20 (b) This section applies to public works that commence on or
21 after April 1, 2003. For purposes of this subdivision, work
22 performed during the design and preconstruction phases of
23 construction, including, but not limited to, inspection and land
24 surveying work, does not constitute the commencement of a public
25 work.

26 (c) (1) For purposes of this section, if any campus of the
27 California State University chooses to use the funds described in
28 subdivision (a), then the “awarding body” is the Chancellor of the
29 California State University. For purposes of this subdivision, if
30 the chancellor is required by subdivision (a) to initiate and enforce,
31 or to contract with a third party to initiate and enforce, a labor
32 compliance program, then in addition to the requirements described
33 in subdivision (b) of Section 1771.5, the Chancellor of the
34 California State University shall review the payroll records on at
35 least a monthly basis to ensure the awarding body’s compliance
36 with the labor compliance program.

37 (2) For purposes of this subdivision, if an awarding body
38 described in subdivision (a) is the University of California or any
39 campus of that university, and that awarding body is required by
40 subdivision (a) to initiate and enforce, or to contract with a third

1 party to initiate and enforce, a labor compliance program, then in
2 addition to the requirements described in subdivision (b) of Section
3 1771.5, the payroll records shall be reviewed on at least a monthly
4 basis to ensure the awarding body's compliance with the labor
5 compliance program.

6 (d) (1) An awarding body described in subdivision (a) shall
7 make a written finding that the awarding body has initiated and
8 enforced, or has contracted with a third party to initiate and enforce,
9 the labor compliance program described in subdivision (a).

10 (2) (A) If an awarding body described in subdivision (a) is a
11 school district, the governing body of that district shall transmit
12 to the State Allocation Board, in the manner determined by that
13 board, a copy of the finding described in paragraph (1).

14 (B) The State Allocation Board shall not release the funds
15 described in subdivision (a) to an awarding body that is a school
16 district until the State Allocation Board has received the written
17 finding described in paragraph (1).

18 (C) If the State Allocation Board conducts a postaward audit
19 procedure with respect to an award of the funds described in
20 subdivision (a) to an awarding body that is a school district, the
21 State Allocation Board shall verify, in the manner determined by
22 that board, that the school district has complied with the
23 requirements of this subdivision.

24 (3) If an awarding body described in subdivision (a) is a
25 community college district, the Chancellor of the California State
26 University, or the office of the President of the University of
27 California or any campus of the University of California, that
28 awarding body shall transmit, in the manner determined by the
29 Director of Industrial Relations, a copy of the finding described
30 in paragraph (1) to the director of that department, or the director
31 of any successor agency that is responsible for the oversight of
32 employee wage and employee work hours laws.

33 (e) Because the reasonable costs directly related to monitoring
34 and enforcing compliance with the prevailing wage requirements
35 are necessary oversight activities, integral to the cost of
36 construction of the public works projects, notwithstanding Section
37 17070.63 of the Education Code, the grant amounts as described
38 in Chapter 12.5 (commencing with Section 17070.10) of Part 10
39 of Division 1 of Title 1 of the Education Code for the costs of a
40 new construction or modernization project shall include the state's

1 share of the reasonable and directly related costs of the labor
2 compliance program used to monitor and enforce compliance with
3 prevailing wage requirements.

4 (f) This section shall only apply to contracts awarded prior to
5 the effective date of regulations adopted by the Department of
6 Industrial Relations pursuant to paragraph (3) of subdivision (a)
7 of Section 1771.3. January 1, 2012.

8 *SEC. 69. Section 1773.3 of the Labor Code is repealed.*

9 ~~1773.3. An awarding agency whose public works contract falls
10 within the jurisdiction of Section 1771.3, 1771.5, or 1777.5, or
11 any other statute providing for the payment of fees to the
12 Department of Industrial Relations for enforcing prevailing wage
13 requirements on that project, shall, within five days of the award,
14 send a copy of the award to the department. In lieu of responding
15 to any specific request for contract award information, the
16 department may make such information available for public review
17 by posting on its Internet Web site. Within five days of a finding
18 of any discrepancy regarding the ratio of apprentices to
19 journeymen, pursuant to the certificated fixed number of
20 apprentices to journeymen, the awarding agency shall notify the
21 Division of Labor Standards Enforcement.~~

22 *SEC. 70. Section 1773.3 is added to the Labor Code, to read:*

23 *1773.3. (a) (1) An awarding agency shall provide notice to*
24 *the Department of Industrial Relations of any public works contract*
25 *subject to the requirements of this chapter, within five days of the*
26 *award.*

27 *(2) The notice shall be transmitted electronically in a format*
28 *specified by the department and shall include the name of the*
29 *contractor, any subcontractor listed on the successful bid, the bid*
30 *and contract award dates, the contract amount, the estimated start*
31 *and completion dates, job site location, and any additional*
32 *information the department specifies that aids in the administration*
33 *and enforcement of this chapter.*

34 *(b) In lieu of responding to any specific request for contract*
35 *award information, the department may make the information*
36 *provided by awarding bodies pursuant to this section available*
37 *for public review on its Internet Web site.*

38 *SEC. 71. Section 1776 of the Labor Code is amended to read:*

39 *1776. (a) Each contractor and subcontractor shall keep accurate*
40 *payroll records, showing the name, address, social security number,*

1 work classification, straight time and overtime hours worked each
2 day and week, and the actual per diem wages paid to each
3 journeyman, apprentice, worker, or other employee employed by
4 him or her in connection with the public work. Each payroll record
5 shall contain or be verified by a written declaration that it is made
6 under penalty of perjury, stating both of the following:

7 (1) The information contained in the payroll record is true and
8 correct.

9 (2) The employer has complied with the requirements of
10 Sections 1771, 1811, and 1815 for any work performed by his or
11 her employees on the public works project.

12 (b) The payroll records enumerated under subdivision (a) shall
13 be certified and shall be available for inspection at all reasonable
14 hours at the principal office of the contractor on the following
15 basis:

16 (1) A certified copy of an employee's payroll record shall be
17 made available for inspection or furnished to the employee or his
18 or her authorized representative on request.

19 (2) A certified copy of all payroll records enumerated in
20 subdivision (a) shall be made available for inspection or furnished
21 upon request to a representative of the body awarding the contract
22 and the Division of Labor Standards Enforcement of the
23 Department of Industrial Relations.

24 (3) A certified copy of all payroll records enumerated in
25 subdivision (a) shall be made available upon request by the public
26 for inspection or for copies thereof. However, a request by the
27 public shall be made through either the body awarding the contract
28 or the Division of Labor Standards Enforcement. If the requested
29 payroll records have not been provided pursuant to paragraph (2),
30 the requesting party shall, prior to being provided the records,
31 reimburse the costs of preparation by the contractor, subcontractors,
32 and the entity through which the request was made. The public
33 may not be given access to the records at the principal office of
34 the contractor.

35 (c) ~~The~~ *Unless required to be furnished directly to the Labor*
36 *Commissioner in accordance with paragraph (3) of subdivision*
37 *(a) of Section 1771.4, the* certified payroll records shall be on forms
38 provided by the Division of Labor Standards Enforcement or shall
39 contain the same information as the forms provided by the division.
40 The payroll records may consist of printouts of payroll data that

1 are maintained as computer records, if the printouts contain the
2 same information as the forms provided by the division and the
3 printouts are verified in the manner specified in subdivision (a).

4 (d) A contractor or subcontractor shall file a certified copy of
5 the records enumerated in subdivision (a) with the entity that
6 requested the records within 10 days after receipt of a written
7 request.

8 (e) Except as provided in subdivision (f), any copy of records
9 made available for inspection as copies and furnished upon request
10 to the public or any public agency by the awarding body or the
11 Division of Labor Standards Enforcement shall be marked or
12 obliterated to prevent disclosure of an individual's name, address,
13 and social security number. The name and address of the contractor
14 awarded the contract or the subcontractor performing the contract
15 shall not be marked or obliterated. Any copy of records made
16 available for inspection by, or furnished to, a multiemployer
17 Taft-Hartley trust fund (29 U.S.C. Sec. 186(c)(5)) that requests
18 the records for the purposes of allocating contributions to
19 participants shall be marked or obliterated only to prevent
20 disclosure of an individual's full social security number, but shall
21 provide the last four digits of the social security number. Any copy
22 of records made available for inspection by, or furnished to, a joint
23 labor-management committee established pursuant to the federal
24 Labor Management Cooperation Act of 1978 (29 U.S.C. Sec. 175a)
25 shall be marked or obliterated only to prevent disclosure of an
26 individual's social security number.

27 (f) (1) Notwithstanding any other provision of law, agencies
28 that are included in the Joint Enforcement Strike Force on the
29 Underground Economy established pursuant to Section 329 of the
30 Unemployment Insurance Code and other law enforcement
31 agencies investigating violations of law shall, upon request, be
32 provided nonredacted copies of certified payroll records. Any
33 copies of records or certified payroll made available for inspection
34 and furnished upon request to the public by an agency included in
35 the Joint Enforcement Strike Force on the Underground Economy
36 or to a law enforcement agency investigating a violation of law
37 shall be marked or redacted to prevent disclosure of an individual's
38 name, address, and social security number.

1 (2) An employer shall not be liable for damages in a civil action
2 for any reasonable act or omission taken in good faith in
3 compliance with this subdivision.

4 (g) The contractor shall inform the body awarding the contract
5 of the location of the records enumerated under subdivision (a),
6 including the street address, city, and county, and shall, within five
7 working days, provide a notice of a change of location and address.

8 (h) The contractor or subcontractor has 10 days in which to
9 comply subsequent to receipt of a written notice requesting the
10 records enumerated in subdivision (a). In the event that the
11 contractor or subcontractor fails to comply within the 10-day
12 period, he or she shall, as a penalty to the state or political
13 subdivision on whose behalf the contract is made or awarded,
14 forfeit one hundred dollars (\$100) for each calendar day, or portion
15 thereof, for each worker, until strict compliance is effectuated.
16 Upon the request of the Division of Labor Standards Enforcement,
17 these penalties shall be withheld from progress payments then due.
18 A contractor is not subject to a penalty assessment pursuant to this
19 section due to the failure of a subcontractor to comply with this
20 section.

21 (i) The body awarding the contract shall cause to be inserted in
22 the contract stipulations to effectuate this section.

23 (j) The director shall adopt rules consistent with the California
24 Public Records Act (Chapter 3.5 (commencing with Section 6250)
25 of Division 7 of Title 1 of the Government Code) and the
26 Information Practices Act of 1977 (Title 1.8 (commencing with
27 Section 1798) of Part 4 of Division 3 of the Civil Code) governing
28 the release of these records, including the establishment of
29 reasonable fees to be charged for reproducing copies of records
30 required by this section.

31 *SEC. 72. Section 179 of the Military and Veterans Code is*
32 *amended to read:*

33 179. (a) The Adjutant General shall establish a California State
34 Military Museum and Resource Center as a repository for military
35 artifacts, memorabilia, equipment, documents, and other items
36 relating to the military history of California, and to the history of
37 the California National Guard, in accordance with applicable
38 regulations of the United States Army governing Army museum
39 activities. The museum ~~shall~~ *may* consist of the facility described
40 in the Proclamation of the Governor dated May 11, 1994, and any

1 branches as may currently exist or may from time to time be created
2 throughout the state. Each facility shall be deemed to be an armory
3 within the meaning of Section 430.

4 (b) The Adjutant General ~~shall~~ *may* enter into ~~an operating~~
5 ~~agreement~~ *agreements* with the California State Military Museum
6 Foundation, formerly known as the California National Guard
7 Historical Society, an existing California nonprofit public benefit
8 corporation that is tax exempt under Section 501(c)(3) of the
9 Internal Revenue Code. Under the operating agreement with the
10 Adjutant General, the foundation shall operate the California State
11 Military Museum and Resource Center in coordination with the
12 California State Military Reserve's California Center for Military
13 History. The foundation shall develop, administer, interpret, and
14 manage museum historical programs and related public services;
15 and acquire and manage funding for museum programs and
16 services: *nonprofit historical foundations, military museums,*
17 *historical societies, or other entities to conduct museum activities*
18 *pursuant to the rules and regulations promulgated hereunder.*

19 (c) Volunteers, docents, members of the California State Military
20 Reserve, or others working with or for the California State Military
21 Museum Foundation, and Resource Center, for purposes consistent
22 with the mission of the organization, shall be considered volunteers
23 under Sections 3118 and 3119 of the Government Code and Section
24 3363.5 of the Labor Code.

25 (d) ~~The Board of Directors of the California State Military~~
26 ~~Museum Foundation shall include the Adjutant General, or the~~
27 ~~Assistant Adjutant General, or any Deputy Adjutant General~~
28 ~~designated by the Adjutant General, as an ex officio voting member~~
29 ~~of the board. The board of directors of the foundation shall be the~~
30 ~~governing authority for operations funded through moneys received~~
31 ~~by the foundation. The board of directors of the foundation shall,~~
32 ~~no later than October 15 of each year, submit an audit report to~~
33 ~~the Adjutant General, the Chair of the Joint Legislative Audit~~
34 ~~Committee, the Chair of the Joint Legislative Budget Committee,~~
35 ~~and the Director of Finance.~~

36 (e)

37 (d) No funds raised or assets acquired by the foundation *an*
38 *entity described in subdivision (b)* shall be used for purposes
39 inconsistent with support of the museum.

40 (f)

(e) ~~The Board of Directors of the California State Military Museum Foundation~~ *Military Department* shall, no later than March 15 of each year, submit a business plan for the following fiscal year to ~~the Adjutant General, the Director of Finance, Finance~~ and the Chair of the Joint Legislative Budget Committee for review and comment. ~~The board of directors~~ *Military Department* shall also submit, not less than 30 days prior to adoption, any proposed formal amendments to the business plan to ~~the Adjutant General, the Director of Finance, Finance~~ and the Chair of the Joint Legislative Budget Committee for review and comment.

~~(g)~~

(f) (1) The Adjutant General or ~~the California State Military Museum Foundation~~ *an entity described in subdivision (b)* may solicit, receive, and administer donations of funds or property for the support and improvement of the museum. Any grants or donations received may be expended or used for museum purposes.

(2) Property of historical military significance, not including real property, that is owned by the state and is determined by the Adjutant General to be in excess of the needs of the Military Department, shall be transferred to the museum.

(3) Property determined by ~~the California State Military Museum Foundation~~ *Adjutant General or an entity described in subdivision (b)* to be in excess of the needs of the museum may be sold, donated, exchanged, or otherwise disposed of, at its discretion, in a manner appropriate to the historical and intrinsic value of the property, and the benefits from the disposition shall inure to the museum. This paragraph does not apply to property held in trust for the Controller pursuant to Section 1563 of the Code of Civil Procedure.

~~(h)~~

(g) The Adjutant General or ~~the California State Military Museum Foundation~~ *an entity described in subdivision (b)* may solicit and receive firearms and other weaponry confiscated by or otherwise in the possession of law enforcement officers as donations to the museum if he or she deems them to be of historical or military interest.

~~(i)~~

(h) The Adjutant General shall, in cooperation with ~~the California State Military Museum Foundation, an entity described~~

1 *in subdivision (b)*, conduct a study of the future needs of the
2 National Guard to preserve, display, and interpret artifacts,
3 documents, photographs, films, literature, and other items relating
4 to the history of the military in California.

5 (j)

6 (i) (1) ~~The California State Military Museum Foundation~~ *An*
7 *entity described in subdivision (b)* may enter into agreements with
8 other military museums in California, including, but not limited
9 to, the Legion of Valor Museum, to loan property that is not real
10 property and that is under the direct control of the foundation.

11 (2) ~~The California State Military Museum Foundation~~ *An entity*
12 *described in subdivision (b)* may enter into agreements with other
13 military museums in California to loan property held in trust for
14 the Controller pursuant to Section 1563 of the Code of Civil
15 Procedure.

16 *SEC. 73. Section 1485.5 of the Penal Code is amended to read:*

17 1485.5. (a) If the district attorney or Attorney General
18 stipulates to or does not contest the factual allegations underlying
19 one or more of the grounds for granting a writ of habeas corpus
20 or a motion to vacate a judgment, the facts underlying the basis
21 for the court's ruling or order shall be binding on the Attorney
22 General, the factfinder, and the California Victim Compensation
23 and Government Claims Board.

24 (b) The district attorney shall provide notice to the Attorney
25 General prior to entering into a stipulation of facts that will be the
26 basis for the granting of a writ of habeas corpus or a motion to
27 vacate a judgment.

28 (c) The express factual findings made by the court, including
29 credibility determinations, in considering a petition for habeas
30 corpus, a motion to vacate judgment pursuant to Section 1473.6,
31 or an application for a certificate of factual innocence, shall be
32 binding on the Attorney General, the factfinder, and the California
33 Victim Compensation and Government Claims Board.

34 (d) For the purposes of this section, "express factual findings"
35 are findings established as the basis for the court's ruling or order.

36 (e) *For purposes of this section, "court" is defined as a state*
37 *or federal court.*

38 *SEC. 74. Section 13835.7 of the Penal Code is amended to*
39 *read:*

1 13835.7. There is in the State Treasury the Victim-Witness
2 Assistance Fund. Funds appropriated thereto shall be dispensed
3 to the Office of Emergency Services exclusively for the purposes
4 specified in this ~~article~~ *article, for any other purpose that supports*
5 *victims*, and for the support of the centers specified in Section
6 13837.

7 *SEC. 75. Section 6823 of the Public Contract Code is repealed.*

8 ~~6823. (a) For contracts for public works projects awarded prior~~
9 ~~to the effective date of the regulations adopted by the Department~~
10 ~~of Industrial Relations pursuant to subdivision (g) of Section 1771.5~~
11 ~~of the Labor Code, a transportation entity authorized to use the~~
12 ~~design-build method of procurement shall establish and enforce a~~
13 ~~labor compliance program containing the requirements outlined~~
14 ~~in Section 1771.5 of the Labor Code or shall contract with a third~~
15 ~~party to operate a labor compliance program containing the~~
16 ~~requirements outlined in Section 1771.5 of the Labor Code. This~~
17 ~~requirement shall not apply to projects where the transportation~~
18 ~~entity or design-build entity has entered into any collective~~
19 ~~bargaining agreement that binds all of the contractors performing~~
20 ~~work on the projects.~~

21 ~~(b) For contracts for public works projects awarded on or after~~
22 ~~the effective date of the regulations adopted by the Department of~~
23 ~~Industrial Relations pursuant to subdivision (g) of Section 1771.5~~
24 ~~of the Labor Code, the transportation entity shall reimburse the~~
25 ~~Department of Industrial Relations for its reasonable and directly~~
26 ~~related costs of performing prevailing wage monitoring and~~
27 ~~enforcement on public works projects pursuant to rates established~~
28 ~~by the Department of Industrial Relations as set forth in subdivision~~
29 ~~(h) of Section 1771.5 of the Labor Code. All moneys collected~~
30 ~~pursuant to this subdivision shall be deposited in the State Public~~
31 ~~Works Enforcement Fund, created by Section 1771.3 of the Labor~~
32 ~~Code, and shall be used only for enforcement of prevailing wage~~
33 ~~requirements on those projects.~~

34 ~~(c) In lieu of reimbursing the Department of Industrial Relations~~
35 ~~for its reasonable and directly related costs of performing~~
36 ~~monitoring and enforcement on public works projects, the~~
37 ~~transportation entity may either (1) elect to continue operating an~~
38 ~~existing previously approved labor compliance program to monitor~~
39 ~~and enforce prevailing wage requirements on the project if it has~~
40 ~~not contracted with a third party to conduct its labor compliance~~

1 program and requests and receives approval from the department
2 to continue its existing program or (2) enter into a collective
3 bargaining agreement that binds all of the contractors performing
4 work on the project and that includes a mechanism for resolving
5 disputes about the payment of wages.

6 SEC. 76. Section 6823 is added to the Public Contract Code,
7 to read:

8 6823. (a) For contracts for public works projects awarded
9 prior January 1, 2012, a transportation entity authorized to use
10 the design-build method of procurement shall establish and enforce
11 a labor compliance program containing the requirements outlined
12 in Section 1771.5 of the Labor Code or shall contract with a third
13 party to operate a labor compliance program containing the
14 requirements outlined in Section 1771.5 of the Labor Code. This
15 requirement shall not apply to projects where the transportation
16 entity or design-build entity has entered into any collective
17 bargaining agreement that binds all of the contractors performing
18 work on the projects.

19 (b) For contracts for public works projects awarded on or after
20 January 1, 2012, the project shall be subject to the requirements
21 of Section 1771.4 of the Labor Code.

22 SEC. 76.5. Section 6953 of the Public Contract Code is
23 repealed.

24 6953. (a) ~~Except as specified in subdivision (b), the San Diego~~
25 ~~Association of Governments shall comply with subdivision (f) of~~
26 ~~Section 1771.5 of the Labor Code and shall reimburse the~~
27 ~~Department of Industrial Relations for its reasonable and directly~~
28 ~~related costs of performing prevailing wage monitoring and~~
29 ~~enforcement on public works projects pursuant to rates established~~
30 ~~by the department as set forth in subdivision (h) of that section on~~
31 ~~projects using an alternative project delivery method under this~~
32 ~~chapter. All moneys collected pursuant to this subdivision shall~~
33 ~~be deposited in the State Public Works Enforcement Fund, created~~
34 ~~by Section 1771.3 of the Labor Code, and shall be used only for~~
35 ~~enforcement of prevailing wage requirements on those projects.~~

36 (b) ~~In lieu of complying with subdivision (a), the San Diego~~
37 ~~Association of Governments may elect to enter into a collective~~
38 ~~bargaining agreement that binds all of the contractors performing~~
39 ~~work on the project and that includes a mechanism for resolving~~
40 ~~disputes about the payment of wages.~~

1 SEC. 77. Section 6953 is added to the Public Contract Code,
2 to read:

3 6953. Any public works project that is contracted for pursuant
4 to this chapter shall be subject to the requirements of Section
5 1771.4 of the Labor Code.

6 SEC. 78. Section 20133 of the Public Contract Code is amended
7 to read:

8 20133. (a) A county, with approval of the board of supervisors,
9 may utilize an alternative procedure for bidding on construction
10 projects in the county in excess of two million five hundred
11 thousand dollars (\$2,500,000) and may award the project using
12 either the lowest responsible bidder or by best value.

13 (b) (1) It is the intent of the Legislature to enable counties to
14 utilize design-build for buildings and county sanitation wastewater
15 treatment facilities. It is not the intent of the Legislature to
16 authorize this procedure for other infrastructure, including, but not
17 limited to, streets and highways, public rail transit, or water
18 resources facilities and infrastructures.

19 (2) The Legislature also finds and declares that utilizing a
20 design-build contract requires a clear understanding of the roles
21 and responsibilities of each participant in the design-build process.

22 (3) (A) For contracts for public works projects awarded prior
23 to the effective date of regulations adopted by the Department of
24 Industrial Relations pursuant to subdivision (g) of Section 1771.5
25 of the Labor Code, January 1, 2012, if the board of supervisors
26 elects to proceed under this section, the board of supervisors shall
27 establish and enforce a labor compliance program containing the
28 requirements outlined in Section 1771.5 of the Labor Code, or it
29 shall contract with a third party to operate a labor compliance
30 program containing the requirements outlined in Section 1771.5
31 of the Labor Code. This requirement shall not apply to any projects
32 where the county or the design-build entity has entered into a
33 collective bargaining agreement that binds all of the contractors
34 performing work on the projects.

35 (B) For contracts for public works projects awarded on or after
36 the effective date of regulations adopted by the Department of
37 Industrial Relations pursuant to subdivision (g) of Section 1771.5
38 of the Labor Code, the board of supervisors shall reimburse the
39 department for its reasonable and directly related costs of
40 performing prevailing wage monitoring and enforcement on public

works projects pursuant to rates established by the department as set forth in subdivision (h) of Section 1771.5 of the Labor Code. All moneys collected pursuant to this paragraph shall be deposited in the State Public Works Enforcement Fund created by Section 1771.3 of the Labor Code, and shall be used only for enforcement of prevailing wage requirements on those projects. *January 1, 2012, the project shall be subject to the requirements of Section 1771.4 of the Labor Code.*

(C) In lieu of reimbursing the Department of Industrial Relations for its reasonable and directly related costs of performing monitoring and enforcement on public works projects, the board of supervisors may elect to continue operating an existing previously approved labor compliance program to monitor and enforce prevailing wage requirements on the project if it has either not contracted with a third party to conduct its labor compliance program and requests and receives approval from the department to continue its existing program or it enters into a collective bargaining agreement that binds all of the contractors performing work on the project and that includes a mechanism for resolving disputes about the payment of wages.

(c) As used in this section:

(1) “Best value” means a value determined by objective criteria related to price, features, functions, and life-cycle costs.

(2) “Design-build” means a procurement process in which both the design and construction of a project are procured from a single entity.

(3) “Design-build entity” means a partnership, corporation, or other legal entity that is able to provide appropriately licensed contracting, architectural, and engineering services as needed pursuant to a design-build contract.

(4) “Project” means the construction of a building and improvements directly related to the construction of a building, and county sanitation wastewater treatment facilities, but does not include the construction of other infrastructure, including, but not limited to, streets and highways, public rail transit, or water resources facilities and infrastructure.

(d) Design-build projects shall progress in a four-step process, as follows:

(1) (A) The county shall prepare a set of documents setting forth the scope of the project. The documents may include, but are

1 not limited to, the size, type, and desired design character of the
2 public improvement, performance specifications covering the
3 quality of materials, equipment, and workmanship, preliminary
4 plans or building layouts, or any other information deemed
5 necessary to describe adequately the county's needs. The
6 performance specifications and any plans shall be prepared by a
7 design professional who is duly licensed and registered in
8 California.

9 (B) Any architect or engineer retained by the county to assist
10 in the development of the project-specific documents shall not be
11 eligible to participate in the preparation of a bid with any
12 design-build entity for that project.

13 (2) (A) Based on the documents prepared in paragraph (1), the
14 county shall prepare a request for proposals that invites interested
15 parties to submit competitive sealed proposals in the manner
16 prescribed by the county. The request for proposals shall include,
17 but is not limited to, the following elements:

18 (i) Identification of the basic scope and needs of the project or
19 contract, the expected cost range, and other information deemed
20 necessary by the county to inform interested parties of the
21 contracting opportunity, to include the methodology that will be
22 used by the county to evaluate proposals and specifically if the
23 contract will be awarded to the lowest responsible bidder.

24 (ii) Significant objective factors that the county reasonably
25 expects to consider in evaluating proposals, including cost or price
26 and all nonprice-related factors.

27 (iii) The relative importance of weight assigned to each of the
28 factors identified in the request for proposals.

29 (B) With respect to clause (iii) of subparagraph (A), if a
30 nonweighted system is used, the agency shall specifically disclose
31 whether all evaluation factors other than cost or price when
32 combined are:

33 (i) Significantly more important than cost or price.

34 (ii) Approximately equal in importance to cost or price.

35 (iii) Significantly less important than cost or price.

36 (C) If the county chooses to reserve the right to hold discussions
37 or negotiations with responsive bidders, it shall so specify in the
38 request for proposal and shall publish separately or incorporate
39 into the request for proposal applicable rules and procedures to be

1 observed by the county to ensure that any discussions or
2 negotiations are conducted in good faith.

3 (3) (A) The county shall establish a procedure to prequalify
4 design-build entities using a standard questionnaire developed by
5 the county. In preparing the questionnaire, the county shall consult
6 with the construction industry, including representatives of the
7 building trades and surety industry. This questionnaire shall require
8 information, including, but not limited to, all of the following:

9 (i) If the design-build entity is a partnership, limited partnership,
10 or other association, a listing of all of the partners, general partners,
11 or association members known at the time of bid submission who
12 will participate in the design-build contract, including, but not
13 limited to, mechanical subcontractors.

14 (ii) Evidence that the members of the design-build entity have
15 completed, or demonstrated the experience, competency, capability,
16 and capacity to complete, projects of similar size, scope, or
17 complexity, and that proposed key personnel have sufficient
18 experience and training to competently manage and complete the
19 design and construction of the project, as well as a financial
20 statement that assures the county that the design-build entity has
21 the capacity to complete the project.

22 (iii) The licenses, registration, and credentials required to design
23 and construct the project, including information on the revocation
24 or suspension of any license, credential, or registration.

25 (iv) Evidence that establishes that the design-build entity has
26 the capacity to obtain all required payment and performance
27 bonding, liability insurance, and errors and omissions insurance.

28 (v) Any prior serious or willful violation of the California
29 Occupational Safety and Health Act of 1973, contained in Part 1
30 (commencing with Section 6300) of Division 5 of the Labor Code,
31 or the federal Occupational Safety and Health Act of 1970 (Public
32 Law 91-596), settled against any member of the design-build entity,
33 and information concerning workers' compensation experience
34 history and worker safety program.

35 (vi) Information concerning any debarment, disqualification,
36 or removal from a federal, state, or local government public works
37 project. Any instance in which an entity, its owners, officers, or
38 managing employees submitted a bid on a public works project
39 and were found to be nonresponsive, or were found by an awarding
40 body not to be a responsible bidder.

1 (vii) Any instance in which the entity, or its owners, officers,
2 or managing employees, defaulted on a construction contract.

3 (viii) Any violations of the Contractors' State License Law
4 (Chapter 9 (commencing with Section 7000) of Division 3 of the
5 Business and Professions Code), excluding alleged violations of
6 federal or state law including the payment of wages, benefits,
7 apprenticeship requirements, or personal income tax withholding,
8 or of Federal Insurance Contributions Act (FICA; 26 U.S.C. Sec.
9 3101 et seq.) withholding requirements settled against any member
10 of the design-build entity.

11 (ix) Information concerning the bankruptcy or receivership of
12 any member of the design-build entity, including information
13 concerning any work completed by a surety.

14 (x) Information concerning all settled adverse claims, disputes,
15 or lawsuits between the owner of a public works project and any
16 member of the design-build entity during the five years preceding
17 submission of a bid pursuant to this section, in which the claim,
18 settlement, or judgment exceeds fifty thousand dollars (\$50,000).
19 Information shall also be provided concerning any work completed
20 by a surety during this period.

21 (xi) In the case of a partnership or an association that is not a
22 legal entity, a copy of the agreement creating the partnership or
23 association and specifying that all partners or association members
24 agree to be fully liable for the performance under the design-build
25 contract.

26 (xii) (I) Any instance in which the entity, or any of its members,
27 owners, officers, or managing employees was, during the five years
28 preceding submission of a bid pursuant to this section, determined
29 by a court of competent jurisdiction to have submitted, or legally
30 admitted for purposes of a criminal plea to have submitted either
31 of the following:

32 (ia) Any claim to any public agency or official in violation of
33 the federal False Claims Act (31 U.S.C. Sec. 3729 et seq.).

34 (ib) Any claim to any public official in violation of the
35 California False Claims Act (Article 9 (commencing with Section
36 12650) of Chapter 6 of Part 2 of Division 3 of *Title 2 of the*
37 *Government Code*).

38 (II) Information provided pursuant to this subdivision shall
39 include the name and number of any case filed, the court in which
40 it was filed, and the date on which it was filed. The entity may

1 also provide further information regarding any such instance,
2 including any mitigating or extenuating circumstances that the
3 entity wishes the county to consider.

4 (B) The information required pursuant to this subdivision shall
5 be verified under oath by the entity and its members in the manner
6 in which civil pleadings in civil actions are verified. Information
7 that is not a public record pursuant to the California Public Records
8 Act (Chapter 3.5 (commencing with Section 6250) of Division 7
9 of Title 1 of the Government Code) shall not be open to public
10 inspection.

11 (4) The county shall establish a procedure for final selection of
12 the design-build entity. Selection shall be based on either of the
13 following criteria:

14 (A) A competitive bidding process resulting in lump-sum bids
15 by the prequalified design-build entities. Awards shall be made to
16 the lowest responsible bidder.

17 (B) A county may use a design-build competition based upon
18 best value and other criteria set forth in paragraph (2). The
19 design-build competition shall include the following elements:

20 (i) Competitive proposals shall be evaluated by using only the
21 criteria and selection procedures specifically identified in the
22 request for proposal. However, the following minimum factors
23 shall each represent at least 10 percent of the total weight of
24 consideration given to all criteria factors: price, technical design,
25 and construction expertise, life-cycle costs over 15 years or more,
26 skilled labor force availability, and acceptable safety record.

27 (ii) Once the evaluation is complete, the top three responsive
28 bidders shall be ranked sequentially from the most advantageous
29 to the least.

30 (iii) The award of the contract shall be made to the responsible
31 bidder whose proposal is determined, in writing, to be the most
32 advantageous.

33 (iv) Notwithstanding any provision of this code, upon issuance
34 of a contract award, the county shall publicly announce its award,
35 identifying the contractor to whom the award is made, along with
36 a written decision supporting its contract award and stating the
37 basis of the award. The notice of award shall also include the
38 county's second and third ranked design-build entities.

39 (v) For purposes of this paragraph, "skilled labor force
40 availability" shall be determined by the existence of an agreement

1 with a registered apprenticeship program, approved by the
2 California Apprenticeship Council, which has graduated
3 apprentices in each of the preceding five years. This graduation
4 requirement shall not apply to programs providing apprenticeship
5 training for any craft that has been deemed by the Department of
6 Labor and the Department of Industrial Relations to be an
7 apprenticeable craft in the five years prior to enactment of this act.

8 (vi) For purposes of this paragraph, a bidder's "safety record"
9 shall be deemed "acceptable" if its experience modification rate
10 for the most recent three-year period is an average of 1.00 or less,
11 and its average total recordable injury/illness rate and average lost
12 work rate for the most recent three-year period does not exceed
13 the applicable statistical standards for its business category or if
14 the bidder is a party to an alternative dispute resolution system as
15 provided for in Section 3201.5 of the Labor Code.

16 (e) (1) Any design-build entity that is selected to design and
17 build a project pursuant to this section shall possess or obtain
18 sufficient bonding to cover the contract amount for nondesign
19 services, and errors and omission insurance coverage sufficient to
20 cover all design and architectural services provided in the contract.
21 This section does not prohibit a general or engineering contractor
22 from being designated the lead entity on a design-build entity for
23 the purposes of purchasing necessary bonding to cover the activities
24 of the design-build entity.

25 (2) Any payment or performance bond written for the purposes
26 of this section shall be written using a bond form developed by
27 the county.

28 (f) All subcontractors that were not listed by the design-build
29 entity in accordance with clause (i) of subparagraph (A) of
30 paragraph (3) of subdivision (d) shall be awarded by the
31 design-build entity in accordance with the design-build process
32 set forth by the county in the design-build package. All
33 subcontractors bidding on contracts pursuant to this section shall
34 be afforded the protections contained in Chapter 4 (commencing
35 with Section 4100) of Part 1. The design-build entity shall do both
36 of the following:

37 (1) Provide public notice of the availability of work to be
38 subcontracted in accordance with the publication requirements
39 applicable to the competitive bidding process of the county.

1 (2) Provide a fixed date and time on which the subcontracted
2 work will be awarded in accordance with the procedure established
3 pursuant to this section.

4 (g) Lists of subcontractors, bidders, and bid awards relating to
5 the project shall be submitted by the design-build entity to the
6 awarding body within 14 days of the award. These documents are
7 deemed to be public records and shall be available for public
8 inspection pursuant to this chapter and Article 1 (commencing
9 with Section 6250) of Chapter 3.5 of Division 7 of *Title 1* of the
10 Government Code.

11 (h) The minimum performance criteria and design standards
12 established pursuant to paragraph (1) of subdivision (d) shall be
13 adhered to by the design-build entity. Any deviations from those
14 standards may only be allowed by written consent of the county.

15 (i) The county may retain the services of a design professional
16 or construction project manager, or both, throughout the course of
17 the project in order to ensure compliance with this section.

18 (j) Contracts awarded pursuant to this section shall be valid until
19 the project is completed.

20 (k) Nothing in this section is intended to affect, expand, alter,
21 or limit any rights or remedies otherwise available at law.

22 (l) (1) If the county elects to award a project pursuant to this
23 section, retention proceeds withheld by the county from the
24 design-build entity shall not exceed 5 percent if a performance and
25 payment bond, issued by an admitted surety insurer, is required in
26 the solicitation of bids.

27 (2) In a contract between the design-build entity and the
28 subcontractor, and in a contract between a subcontractor and any
29 subcontractor thereunder, the percentage of the retention proceeds
30 withheld may not exceed the percentage specified in the contract
31 between the county and the design-build entity. If the design-build
32 entity provides written notice to any subcontractor who is not a
33 member of the design-build entity, prior to or at the time the bid
34 is requested, that a bond may be required and the subcontractor
35 subsequently is unable or refuses to furnish a bond to the
36 design-build entity, then the design-build entity may withhold
37 retention proceeds in excess of the percentage specified in the
38 contract between the county and the design-build entity from any
39 payment made by the design-build entity to the subcontractor.

1 (m) Each county that elects to proceed under this section and
2 uses the design-build method on a public works project shall submit
3 to the Legislative Analyst's Office before September 1, 2013, a
4 report containing a description of each public works project
5 procured through the design-build process and completed after
6 November 1, 2009, and before August 1, 2013. The report shall
7 include, but shall not be limited to, all of the following information:

- 8 (1) The type of project.
- 9 (2) The gross square footage of the project.
- 10 (3) The design-build entity that was awarded the project.
- 11 (4) The estimated and actual length of time to complete the
12 project.
- 13 (5) The estimated and actual project costs.
- 14 (6) Whether the project was met or altered.
- 15 (7) The number and amount of project change orders.
- 16 (8) A description of any written protests concerning any aspect
17 of the solicitation, bid, proposal, or award of the design-build
18 project, including the resolution of the protests.
- 19 (9) An assessment of the prequalification process and criteria.
- 20 (10) An assessment of the effect of retaining 5 percent retention
21 on the project.
- 22 (11) A description of the Labor Force Compliance Program and
23 an assessment of the project impact, where required.
- 24 (12) A description of the method used to award the contract. If
25 best value was the method, the report shall describe the factors
26 used to evaluate the bid, including the weighting of each factor
27 and an assessment of the effectiveness of the methodology.
- 28 (13) An assessment of the project impact of "skilled labor force
29 availability."
- 30 (14) An assessment of the design-build dollar limits on county
31 projects. This assessment shall include projects where the county
32 wanted to use design-build and was precluded by the dollar
33 limitation. This assessment shall also include projects where the
34 best value method was not used due to dollar limitations.
- 35 (15) An assessment of the most appropriate uses for the
36 design-build approach.

37 (n) Any county that elects not to use the authority granted by
38 this section may submit a report to the Legislative Analyst's Office
39 explaining why the county elected not to use the design-build
40 method.

1 (o) On or before January 1, 2014, the Legislative Analyst shall
2 report to the Legislature on the use of the design-build method by
3 counties pursuant to this section, including the information listed
4 in subdivisions (m) and (p). The report may include
5 recommendations for modifying or extending this section.

6 (p) The Legislative Analyst shall complete a fact-based analysis
7 of the use of the design-build method by counties pursuant to this
8 section, utilizing the information provided pursuant to subdivision
9 (m) and any independent information provided by the public or
10 interested parties. The Legislative Analyst shall select a
11 representative sample of projects under this section and review
12 available public records and reports, media reports, and related
13 information in its analysis. The Legislative Analyst shall compile
14 the information required to be analyzed pursuant to this subdivision
15 into a report, which shall be provided to the Legislature. The report
16 shall include conclusions describing the actual cost of projects
17 procured pursuant to this section, whether the project schedule
18 was met or altered, and whether projects needed or used project
19 change orders.

20 (q) Except as provided in this section, this act shall not be
21 construed to affect the application of any other law.

22 (r) This section shall remain in effect only until July 1, 2016,
23 and as of that date is repealed, unless a later enacted statute, that
24 is enacted before July 1, 2016, deletes or extends that date.

25 *SEC. 79. Section 20175.2 of the Public Contract Code is*
26 *amended to read:*

27 20175.2. (a) (1) A city, with approval of the appropriate city
28 council, may utilize an alternative procedure for bidding on
29 building construction projects in the city in excess of one million
30 dollars (\$1,000,000), except as provided in subdivision (p).

31 (2) Cities may award the project using either the lowest
32 responsible bidder or by best value.

33 (b) (1) It is the intent of the Legislature to enable cities to utilize
34 cost-effective options for building and modernizing public
35 facilities. The Legislature also recognizes the national trend,
36 including authorization in California, to allow public entities to
37 utilize design-build contracts as a project delivery method. It is
38 not the intent of the Legislature to authorize this procedure for
39 transportation facilities, including, but not limited to, roads and
40 bridges.

1 (2) The Legislature also finds and declares that utilizing a
2 design-build contract requires a clear understanding of the roles
3 and responsibilities of each participant in the design-build process.
4 The Legislature also finds that the cost-effective benefits to cities
5 are achieved by shifting the liability and risk for cost containment
6 and project completion to the design-build entity.

7 (3) It is the intent of the Legislature to provide an alternative
8 and optional procedure for bidding and building construction
9 projects for cities.

10 (4) The design-build approach may be used, but is not limited
11 to use, when it is anticipated that it will: reduce project cost,
12 expedite project completion, or provide design features not
13 achievable through the design-bid-build method.

14 (5) (A) For contracts for public works projects awarded prior
15 ~~to the effective date of the regulations adopted by the Department~~
16 ~~of Industrial Relations pursuant to subdivision (g) of Section 1771.5~~
17 ~~of the Labor Code, January 1, 2012, if a city council elects to~~
18 ~~proceed under this section, the city council shall establish and~~
19 ~~enforce a labor compliance program containing the requirements~~
20 ~~outlined in Section 1771.5 of the Labor Code, or it shall contract~~
21 ~~with a third party to operate a labor compliance program containing~~
22 ~~the requirements outlined in Section 1771.5 of the Labor Code.~~
23 ~~This requirement shall not apply to any project where the city or~~
24 ~~the design-build entity has entered into a collective bargaining~~
25 ~~agreement or agreements that bind all of the contractors performing~~
26 ~~work on the projects.~~

27 (B) For contracts for public works projects awarded on or after
28 ~~the effective date of the regulations adopted by the Department of~~
29 ~~Industrial Relations pursuant to subdivision (g) of Section 1771.5~~
30 ~~of the Labor Code, the city council shall reimburse the department~~
31 ~~for its reasonable and directly related costs of performing prevailing~~
32 ~~wage monitoring and enforcement on public works projects~~
33 ~~pursuant to rates established by the department as set forth in~~
34 ~~subdivision (h) of Section 1771.5 of the Labor Code. All moneys~~
35 ~~collected pursuant to this paragraph shall be deposited in the State~~
36 ~~Public Works Enforcement Fund created by Section 1771.3 of the~~
37 ~~Labor Code, and shall be used only for enforcement of prevailing~~
38 ~~wage requirements on those projects. January 1, 2012, the project~~
39 ~~shall be subject to the requirements of Section 1771.4 of the Labor~~
40 ~~Code.~~

~~(C) In lieu of reimbursing the Department of Industrial Relations for its reasonable and directly related costs of performing monitoring and enforcement on public works projects, the city council may elect to continue operating an existing previously approved labor compliance program to monitor and enforce prevailing wage requirements on the project if it has either not contracted with a third party to conduct its labor compliance program and requests and receives approval from the department to continue its existing program or it enters into a collective bargaining agreement that binds all of the contractors performing work on the project and that includes a mechanism for resolving disputes about the payment of wages.~~

(c) As used in this section:

(1) “Best value” means a value determined by objectives relative to price, features, functions, and life-cycle costs.

(2) “Design-build” means a procurement process in which both the design and construction of a project are procured from a single entity.

(3) “Design-build entity” means a partnership, corporation, or other legal entity that is able to provide appropriately licensed contracting, architectural, and engineering services, as needed, pursuant to a design-build contract.

(4) “Project” means the construction of a building and improvements directly related to the construction of a building, but does not include streets and highways, public rail transit, or water resource facilities and infrastructure.

(d) Design-build projects shall progress in a four-step process, as follows:

(1) (A) The city shall prepare a set of documents setting forth the scope of the project. The documents may include, but are not limited to, the size, type, and desired design character of the buildings and site, performance specifications covering the quality of materials, equipment, and workmanship, preliminary plans or building layouts, or any other information deemed necessary to describe adequately the city’s needs. The performance specifications and any plans shall be prepared by a design professional who is duly licensed and registered in California.

(B) Any architect or engineer retained by the city to assist in the development of the project-specific documents shall not be

1 eligible to participate in the preparation of a bid with any
2 design-build entity for that project.

3 (2) (A) Based on the documents prepared in paragraph (1), the
4 city shall prepare a request for proposals that invites interested
5 parties to submit competitive sealed proposals in the manner
6 prescribed by the city. The request for proposals shall include, but
7 is not limited to, the following elements:

8 (i) Identification of the basic scope and needs of the project or
9 contract, the expected cost range, and other information deemed
10 necessary by the city to inform interested parties of the contracting
11 opportunity, to include the methodology that will be used by the
12 city to evaluate proposals, and specifically if the contract will be
13 awarded to the lowest responsible bidder.

14 (ii) Significant objective factors which the city reasonably
15 expects to consider in evaluating proposals, including cost or price
16 and all nonprice related factors.

17 (iii) The relative importance or weight assigned to each of the
18 factors identified in the request for proposals.

19 (B) With respect to clause (iii) of subparagraph (A), if a
20 nonweighted system is used, the agency shall specifically disclose
21 whether all evaluation factors, other than cost or price, when
22 combined are:

23 (i) Significantly more important than cost or price.

24 (ii) Approximately equal in importance to cost or price.

25 (iii) Significantly less important than cost or price.

26 (C) If the city chooses to reserve the right to hold discussions
27 or negotiations with responsive bidders, it shall so specify in the
28 request for proposal and shall publish separately, or incorporate
29 into the request for proposal, applicable rules and procedures to
30 be observed by the city to ensure that any discussions or
31 negotiations are conducted in good faith.

32 (3) (A) The city shall establish a procedure to prequalify
33 design-build entities using a standard questionnaire developed by
34 the city. In preparing the questionnaire, the city shall consult with
35 the construction industry, including representatives of the building
36 trades and surety industry. This questionnaire shall require
37 information including, but not limited to, all of the following:

38 (i) If the design-build entity is a partnership, limited partnership,
39 or other association, a listing of all of the partners, general partners,
40 or association members known at the time of bid submission who

1 will participate in the design-build contract, including, but not
2 limited to, mechanical subcontractors.

3 (ii) Evidence that the members of the design-build entity have
4 completed, or demonstrated the experience, competency, capability,
5 and capacity to complete projects of similar size, scope, or
6 complexity, and that proposed key personnel have sufficient
7 experience and training to competently manage and complete the
8 design and construction of the project, as well as a financial
9 statement that assures the city that the design-build entity has the
10 capacity to complete the project.

11 (iii) The licenses, registration, and credentials required to design
12 and construct the project, including information on the revocation
13 or suspension of any license, credential, or registration.

14 (iv) Evidence that establishes that the design-build entity has
15 the capacity to obtain all required payment and performance
16 bonding, liability insurance, and errors and omissions insurance.

17 (v) Any prior serious or willful violation of the California
18 Occupational Safety and Health Act of 1973, contained in Part 1
19 (commencing with Section 6300) of Division 5 of the Labor Code
20 or the federal Occupational Safety and Health Act of 1970 (Public
21 Law 91-596) settled against any member of the design-build entity,
22 and information concerning workers' compensation experience
23 history and worker safety program.

24 (vi) Information concerning any debarment, disqualification,
25 or removal from a federal, state, or local government public works
26 project. Any instance where an entity, its owners, officers, or
27 managing employees submitted a bid on a public works project
28 and were found to be nonresponsive, or were found by an awarding
29 body not to be a responsible bidder.

30 (vii) Any instance where the entity, its owners, officers, or
31 managing employees defaulted on a construction contract.

32 (viii) Any violations of the Contractors State License Law
33 (Chapter 9 (commencing with Section 7000) of Division 3 of the
34 Business and Professions Code), excluding alleged violations of
35 federal or state law including the payment of wages, benefits,
36 apprenticeship requirements, or personal income tax withholding,
37 or of Federal Insurance Contribution Act (~~FICA~~) (*FICA*; 26 U.S.C.
38 *Sec. 3101 et seq.*) withholding requirements settled against any
39 member of the design-build entity.

1 (ix) Information concerning the bankruptcy or receivership of
2 any member of the design-build entity, including information
3 concerning any work completed by a surety.

4 (x) Information concerning all settled adverse claims, disputes,
5 or lawsuits between the owner of a public works project and any
6 member of the design-build entity during the five years preceding
7 submission of a bid pursuant to this section, in which the claim,
8 settlement, or judgment exceeds fifty thousand dollars (\$50,000).
9 Information shall also be provided concerning any work completed
10 by a surety during this period.

11 (xi) In the case of a partnership or an association that is not a
12 legal entity, a copy of the agreement creating the partnership or
13 association and specifying that all partners or association members
14 agree to be fully liable for the performance under the design-build
15 contract.

16 (xii) (I) Any instance in which the entity, or any of its members,
17 owners, officers, or managing employees was, during the five years
18 preceding submission of a bid pursuant to this section, determined
19 by a court of competent jurisdiction to have submitted, or legally
20 admitted for purposes of a criminal plea to have submitted either
21 of the following:

22 (ia) Any claim to any public agency or official in violation of
23 the federal False Claims Act (31 U.S.C. Sec. 3729 et seq.).

24 (ib) Any claim to any public official in violation of the
25 California False Claims Act (Article 9 (commencing with Section
26 12650) of Chapter 6 of Part 2 of Division 3 of *Title 2 of the*
27 *Government Code*).

28 (II) Information provided pursuant to this subdivision shall
29 include the name and number of any case filed, the court in which
30 it was filed, and the date on which it was filed. The entity may
31 also provide further information regarding any such instance,
32 including any mitigating or extenuating circumstances that the
33 entity wishes the city to consider.

34 (B) The information required pursuant to this subdivision shall
35 be verified under oath by the entity and its members in the manner
36 in which civil pleadings in civil actions are verified. Information
37 that is not a public record pursuant to the California Public Records
38 Act (Chapter 3.5 (commencing with Section 6250) of Division 7
39 of Title 1 of the *Government Code*) shall not be open to public
40 inspection.

1 (4) The city shall establish a procedure for final selection of the
2 design-build entity. Selection shall be based on either of the
3 following criteria:

4 (A) A competitive bidding process resulting in lump-sum bids
5 by the prequalified design-build entities. Awards shall be made to
6 the lowest responsible bidder.

7 (B) The city may use a design-build competition based upon
8 best value and other criteria set forth in paragraph (2) of
9 subdivision (d). The design-build competition shall include the
10 following elements:

11 (i) Competitive proposals shall be evaluated by using only the
12 criteria and selection procedures specifically identified in the
13 request for proposal. However, the following minimum factors
14 shall each represent at least 10 percent of the total weight of
15 consideration given to all criteria factors: price, technical design
16 and construction expertise, life-cycle costs over 15 years or more,
17 skilled labor force availability, and acceptable safety record.

18 (ii) Once the evaluation is complete, the top three responsive
19 bidders shall be ranked sequentially from the most advantageous
20 to the least.

21 (iii) The award of the contract shall be made to the responsible
22 bidder whose proposal is determined, in writing, to be the most
23 advantageous.

24 (iv) Notwithstanding any provision of this code, upon issuance
25 of a contract award, the city shall publicly announce its award,
26 identifying the contractor to whom the award is made, along with
27 a written decision supporting its contract award and stating the
28 basis of the award. The notice of award shall also include the city's
29 second and third ranked design-build entities.

30 (v) For purposes of this paragraph, "skilled labor force
31 availability" shall be determined by the existence of an agreement
32 with a registered apprenticeship program, approved by the
33 California Apprenticeship Council, which has graduated
34 apprentices in each of the preceding five years. This graduation
35 requirement shall not apply to programs providing apprenticeship
36 training for any craft that has been deemed by the Department of
37 Labor and the Department of Industrial Relations to be an
38 apprenticeable craft in the five years prior to enactment of this act.

39 (vi) For purposes of this paragraph, a bidder's "safety record"
40 shall be deemed "acceptable" if its experience modification rate

for the most recent three-year period is an average of 1.00 or less, and its average total recordable injury/illness rate and average lost work rate for the most recent three-year period does not exceed the applicable statistical standards for its business category, or if the bidder is a party to an alternative dispute resolution system, as provided for in Section 3201.5 of the Labor Code.

(e) (1) Any design-build entity that is selected to design and build a project pursuant to this section shall possess or obtain sufficient bonding to cover the contract amount for nondesign services and errors and omissions insurance coverage sufficient to cover all design and architectural services provided in the contract. This section does not prohibit a general or engineering contractor from being designated the lead entity on a design-build entity for the purposes of purchasing necessary bonding to cover the activities of the design-build entity.

(2) Any payment or performance bond written for the purposes of this section shall be written using a bond form developed by the city.

(f) All subcontractors that were not listed by the design-build entity in accordance with clause (i) of subparagraph (A) of paragraph (3) of subdivision (d) shall be awarded by the design-build entity in accordance with the design-build process set forth by the city in the design-build package. All subcontractors bidding on contracts pursuant to this section shall be afforded the protections contained in Chapter 4 (commencing with Section 4100) of Part 1. The design-build entity shall do both of the following:

(1) Provide public notice of the availability of work to be subcontracted in accordance with the publication requirements applicable to the competitive bidding process of the city.

(2) Provide a fixed date and time on which the subcontracted work will be awarded in accordance with the procedure established pursuant to this section.

(g) Lists of subcontractors, bidders, and bid awards relating to the project shall be submitted by the design-build entity to the awarding body within 14 days of the award. These documents are deemed to be public records and shall be available for public inspection pursuant to this chapter and Article 1 (commencing with Section 6250) of Chapter 3.5 of Division 7 of *Title 1* of the Government Code.

1 (h) The minimum performance criteria and design standards
2 established pursuant to paragraph (1) of subdivision (d) shall be
3 adhered to by the design-build entity. Any deviations from those
4 standards may only be allowed by written consent of the city.

5 (i) The city may retain the services of a design professional or
6 construction project manager, or both, throughout the course of
7 the project in order to ensure compliance with this section.

8 (j) Contracts awarded pursuant to this section shall be valid until
9 the project is completed.

10 (k) Nothing in this section is intended to affect, expand, alter,
11 or limit any rights or remedies otherwise available at law.

12 (l) (1) If the city elects to award a project pursuant to this
13 section, retention proceeds withheld by the city from the
14 design-build entity shall not exceed 5 percent if a performance and
15 payment bond, issued by an admitted surety insurer, is required in
16 the solicitation of bids.

17 (2) In a contract between the design-build entity and the
18 subcontractor, and in a contract between a subcontractor and any
19 subcontractor thereunder, the percentage of the retention proceeds
20 withheld may not exceed the percentage specified in the contract
21 between the city and the design-build entity. If the design-build
22 entity provides written notice to any subcontractor who is not a
23 member of the design-build entity, prior to or at the time the bid
24 is requested, that a bond may be required and the subcontractor
25 subsequently is unable or refuses to furnish a bond to the
26 design-build entity, then the design-build entity may withhold
27 retention proceeds in excess of the percentage specified in the
28 contract between the city and the design-build entity from any
29 payment made by the design-build entity to the subcontractor.

30 (m) Each city that elects to proceed under this section and uses
31 the design-build method on a public works project shall submit to
32 the Legislative Analyst's Office before December 1, 2014, a report
33 containing a description of each public works project procured
34 through the design-build process that is completed after January
35 1, 2011, and before November 1, 2014. The report shall include,
36 but shall not be limited to, all of the following information:

37 (1) The type of project.

38 (2) The gross square footage of the project.

39 (3) The design-build entity that was awarded the project.

40 (4) The estimated and actual project costs.

1 (5) The estimated and actual length of time to complete the
2 project.

3 (6) A description of any written protests concerning any aspect
4 of the solicitation, bid, proposal, or award of the design-build
5 project, including the resolution of the protests.

6 (7) An assessment of the prequalification process and criteria.

7 (8) An assessment of the effect of retaining 5 percent retention
8 on the project.

9 (9) A description of the Labor Force Compliance Program and
10 an assessment of the project impact, where required.

11 (10) A description of the method used to award the contract. If
12 the best value method was used, the report shall describe the factors
13 used to evaluate the bid, including the weighting of each factor
14 and an assessment of the effectiveness of the methodology.

15 (11) An assessment of the project impact of “skilled labor force
16 availability.”

17 (12) An assessment of the most appropriate uses for the
18 design-build approach.

19 (n) Any city that elects not to use the authority granted by this
20 section may submit a report to the Legislative Analyst’s Office
21 explaining why the city elected not to use the design-build method.

22 (o) On or before January 1, 2015, the Legislative Analyst’s
23 Office shall report to the Legislature on the use of the design-build
24 method by cities pursuant to this section, including the information
25 listed in subdivision (m). The report may include recommendations
26 for modifying or extending this section.

27 (p) Except as provided in this section, nothing in this act shall
28 be construed to affect the application of any other law.

29 (q) Before January 1, 2011, the project limitation of one million
30 dollars (\$1,000,000), as set forth in subdivision (a), shall not apply
31 to any city in the Counties of Solano and Yolo, or to the Cities of
32 Stanton and Victorville.

33 (r) This section shall remain in effect only until January 1, 2016,
34 and as of that date is repealed, unless a later enacted statute, that
35 is enacted before January 1, 2016, deletes or extends that date.

36 *SEC. 80. Section 20193 of the Public Contract Code is amended*
37 *to read:*

38 20193. (a) (1) Notwithstanding any other law and subject to
39 the limitations of this article, a qualified entity, with approval of
40 its governing body, may utilize an alternative procedure on bidding

1 on projects in excess of two million five hundred thousand dollars
2 (\$2,500,000).

3 (2) Only 20 design-build projects shall be authorized under this
4 article.

5 (3) A qualified entity may award a project using either the lowest
6 responsible bidder or by best value.

7 (4) For purposes of this article, “qualified entity” means an
8 entity that meets both of the following:

9 (A) The entity is any of the following:

10 (i) A city.

11 (ii) A county.

12 (iii) A city and county.

13 (iv) A special district.

14 (B) The entity operates wastewater facilities, solid waste
15 management facilities, or water recycling facilities.

16 (b) (1) For contracts for public works projects awarded prior
17 ~~to the effective date of the regulations adopted by the Department~~
18 ~~of Industrial Relations pursuant to subdivision (g) of Section 1771.5~~
19 ~~of the Labor Code; January 1, 2012,~~ if a qualified entity elects to
20 proceed under this section, the qualified entity shall establish and
21 enforce a labor compliance program containing the requirements
22 outlined in Section 1771.5 of the Labor Code, or it shall contract
23 with a third party to operate a labor compliance program containing
24 the requirements outlined in Section 1771.5 of the Labor Code.
25 This requirement shall not apply to projects where the qualified
26 entity or the design-build entity has entered into a collective
27 bargaining agreement or agreements that bind all of the contractors
28 performing work on the projects.

29 (2) For contracts for public works projects awarded on or after
30 ~~the effective date of the regulations adopted by the Department of~~
31 ~~Industrial Relations pursuant to subdivision (g) of Section 1771.5~~
32 ~~of the Labor Code, the qualified entity shall reimburse the~~
33 ~~department for its reasonable and directly related costs of~~
34 ~~performing prevailing wage monitoring and enforcement on public~~
35 ~~works projects pursuant to rates established by the department as~~
36 ~~set forth in subdivision (h) of Section 1771.5 of the Labor Code.~~
37 ~~All moneys collected pursuant to this subdivision shall be deposited~~
38 ~~in the State Public Works Enforcement Fund created by Section~~
39 ~~1771.3 of the Labor Code, and shall be used only for enforcement~~
40 ~~of prevailing wage requirements on those projects. January 1,~~

1 2012, the project shall be subject to the requirements of Section
2 1771.4 of the Labor Code.

3 ~~(3) In lieu of reimbursing the Department of Industrial Relations~~
4 ~~for its reasonable and directly related costs of performing~~
5 ~~monitoring and enforcement on public works projects, the qualified~~
6 ~~entity may elect to continue operating an existing previously~~
7 ~~approved labor compliance program to monitor and enforce~~
8 ~~prevailing wage requirements on the project if it has either not~~
9 ~~contracted with a third party to conduct its labor compliance~~
10 ~~program and requests and receives approval from the department~~
11 ~~to continue its existing program or it enters into a collective~~
12 ~~bargaining agreement that binds all of the contractors performing~~
13 ~~work on the project and that includes a mechanism for resolving~~
14 ~~disputes about the payment of wages.~~

15 (c) As used in this section:

16 (1) “Best value” means a value determined by objective criteria
17 related to price, features, functions, small business contracting
18 plans, past performance, and life-cycle costs.

19 (2) “Design-build” means a procurement process in which both
20 the design and construction of a project are procured from a single
21 entity.

22 (3) “Design-build entity” means a partnership, corporation, or
23 other legal entity that is able to provide appropriately licensed
24 contracting, architectural, and engineering services as needed
25 pursuant to a design-build contract.

26 (4) “Project” means the construction of regional and local
27 wastewater treatment facilities, regional and local solid waste
28 facilities, or regional and local water recycling facilities.

29 (d) Design-build projects shall progress in a four-step process,
30 as follows:

31 (1) (A) The qualified entity shall prepare a set of documents
32 setting forth the scope of the project. The documents may include,
33 but are not limited to, the size, type, and desired design character
34 of the project and site, performance specifications covering the
35 quality of materials, equipment, and workmanship, preliminary
36 plans or project layouts, or any other information deemed necessary
37 to describe adequately the qualified entity’s needs. The
38 performance specifications and any plans shall be prepared by a
39 design professional who is duly licensed and registered in
40 California.

1 (B) Any architect or engineer retained by the qualified entity
2 to assist in the development of the project specific documents shall
3 not be eligible to participate in the preparation of a bid with any
4 design-build entity for that project.

5 (2) (A) Based on the documents prepared in paragraph (1), the
6 qualified entity shall prepare a request for proposals that invites
7 interested parties to submit competitive sealed proposals in the
8 manner prescribed by the qualified entity. The request for proposals
9 shall include, but is not limited to, the following elements:

10 (i) Identification of the basic scope and needs of the project or
11 contract, the expected cost range, and other information deemed
12 necessary by the qualified entity to inform interested parties of the
13 contracting opportunity, to include the methodology that will be
14 used by the qualified entity to evaluate proposals and specifically
15 if the contract will be awarded to the lowest responsible bidder.

16 (ii) Significant factors that the qualified entity reasonably
17 expects to consider in evaluating proposals, including cost or price
18 and all nonprice related factors.

19 (iii) The relative importance of weight assigned to each of the
20 factors identified in the request for proposals.

21 (B) With respect to clause (iii) of subparagraph (A), if a
22 nonweighted system is used, the qualified entity shall specifically
23 disclose whether all evaluation factors other than cost or price
24 when combined are:

25 (i) Significantly more important than cost or price.

26 (ii) Approximately equal in importance to cost or price.

27 (iii) Significantly less important than cost or price.

28 (C) If the qualified entity chooses to reserve the right to hold
29 discussions or negotiations with responsive bidders, it shall so
30 specify in the request for proposal and shall publish separately or
31 incorporate into the request for proposal applicable rules and
32 procedures to be observed by the qualified entity to ensure that
33 any discussions or negotiations are conducted in good faith.

34 (3) (A) The qualified entity shall establish a procedure to
35 prequalify design-build entities using a standard questionnaire
36 developed by the qualified entity. In preparing the questionnaire,
37 the qualified entity shall consult with the construction industry,
38 including representatives of the building trades and surety industry.
39 This questionnaire shall require information including, but not
40 limited to, all of the following:

1 (i) If the design-build entity is a partnership, limited partnership,
2 or other association, a listing of all of the partners, general partners,
3 or association members known at the time of bid submission who
4 will participate in the design-build contract, including, but not
5 limited to, mechanical subcontractors.

6 (ii) Evidence that the members of the design-build entity have
7 completed, or demonstrated the experience, competency, capability,
8 and capacity to complete projects of similar size, scope, or
9 complexity, and that proposed key personnel have sufficient
10 experience and training to competently manage and complete the
11 design and construction of the project, as well as a financial
12 statement that assures the special district that the design-build
13 entity has the capacity to complete the project.

14 (iii) The licenses, registration, and credentials required to design
15 and construct the project, including information on the revocation
16 or suspension of any license, credential, or registration.

17 (iv) Evidence that establishes that the design-build entity has
18 the capacity to obtain all required payment and performance
19 bonding, liability insurance, and errors and omissions insurance.

20 (v) Any prior serious or willful violation of the California
21 Occupational Safety and Health Act of 1973, contained in Part 1
22 (commencing with Section 6300) of Division 5 of the Labor Code
23 or the federal Occupational Safety and Health Act of 1970 (Public
24 Law 91-596), settled against any member of the design-build entity,
25 and information concerning workers' compensation experience
26 history and worker safety program.

27 (vi) Information concerning any debarment, disqualification,
28 or removal from a federal, state, or local government public works
29 project. Any instance where an entity, its owners, officers, or
30 managing employees submitted a bid on a public works project
31 and were found to be nonresponsive, or were found by an awarding
32 body not to be a responsible bidder.

33 (vii) Any instance where the entity, its owner, officers, or
34 managing employees defaulted on a construction contract.

35 (viii) Any violations of the Contractors' State License Law
36 (Chapter 9 (commencing with Section 7000) of Division 3 of the
37 Business and Professions Code), excluding alleged violations of
38 federal or state law including the payment of wages, benefits,
39 apprenticeship requirements, or personal income tax withholding,
40 or of Federal Insurance Contribution Act (FICA; 26 U.S.C. Sec.

1 3101 *et seq.*) withholding requirements settled against any member
2 of the design-build entity.

3 (ix) Information concerning the bankruptcy or receivership of
4 any member of the design-build entity, including information
5 concerning any work completed by a surety.

6 (x) Information concerning all settled adverse claims, disputes,
7 or lawsuits between the owner of a public works project and any
8 member of the design-build entity during the five years preceding
9 submission of a bid pursuant to this section, in which the claim,
10 settlement, or judgment exceeds fifty thousand dollars (\$50,000).
11 Information shall also be provided concerning any work completed
12 by a surety during this period.

13 (xi) In the case of a partnership or other association, that is not
14 a legal entity, a copy of the agreement creating the partnership or
15 association and specifying that all partners or association members
16 agree to be fully liable for the performance under the design-build
17 contract.

18 (B) The information required pursuant to this subdivision shall
19 be verified under oath by the entity and its members in the manner
20 in which civil pleadings in civil actions are verified. Information
21 that is not a public record pursuant to the California Public Records
22 Act (Chapter 3.5 (commencing with Section 6250) of Division 7
23 of Title 1 of the Government Code) shall not be open to public
24 inspection.

25 (4) The qualified entity shall establish a procedure for final
26 selection of the design-build entity. Selection shall be based on
27 either of the following criteria:

28 (A) A competitive bidding process resulting in lump-sum bids
29 by the prequalified design-build entities. Awards shall be made to
30 the lowest responsible bidder.

31 (B) A qualified entity may use a design-build competition based
32 upon best value and other criteria set forth in paragraph (2) of
33 subdivision (d). The design-build competition shall include the
34 following elements:

35 (i) Competitive proposals shall be evaluated by using only the
36 criteria and selection procedures specifically identified in the
37 request for proposal. However, the following minimum factors
38 shall each represent at least 10 percent of the total weight of
39 consideration given to all criteria factors; price, technical design

1 and construction expertise, life-cycle costs over 15 years or more,
2 skilled labor force availability, and acceptable safety record.

3 (ii) Once the evaluation is complete, the top three responsive
4 bidders shall be ranked sequentially from the most advantageous
5 to the least.

6 (iii) The award of the contract shall be made to the responsible
7 bidder whose proposal is determined, in writing, to be the most
8 advantageous.

9 (iv) Notwithstanding any provision of this code, upon issuance
10 of a contract award, the qualified entity shall publicly announce
11 its award, identifying the contractor to which the award is made,
12 along with a written decision supporting its contract award and
13 stating the basis of the award. The notice of award shall also
14 include the qualified entity's second and third ranked design-build
15 entities.

16 (v) For purposes of this paragraph, "skilled labor force
17 availability" shall be determined by the existence of an agreement
18 with a registered apprenticeship program, approved by the
19 California Apprenticeship Council, which has graduated
20 apprentices in each of the preceding five years. This graduation
21 requirement shall not apply to programs providing apprenticeship
22 training for any craft that has been deemed by the Department of
23 Labor and the Department of Industrial Relations to be an
24 apprenticeable craft in the five years prior to enactment of this act.

25 (vi) For purposes of this paragraph, a bidder's "safety record"
26 shall be deemed "acceptable" if their experience modification rate
27 for the most recent three-year period is an average of 1.00 or less,
28 and their average total recordable injury/illness rate and average
29 lost work rate for the most recent three-year period does not exceed
30 the applicable statistical standards for its business category, or if
31 the bidder is a party to an alternative dispute resolution system as
32 provided for in Section 3201.5 of the Labor Code.

33 (e) (1) Any design-build entity that is selected to design and
34 build a project pursuant to this section shall possess or obtain
35 sufficient bonding to cover the contract amount for nondesign
36 services, and errors and omissions insurance coverage sufficient
37 to cover all design and architectural services provided in the
38 contract. This section does not prohibit a general or engineering
39 contractor from being designated the lead entity on a design-build

1 entity for the purposes of purchasing necessary bonding to cover
2 the activities of the design-build entity.

3 (2) Any payment or performance bond written for the purposes
4 of this section shall be written using a bond form developed by
5 the qualified entity.

6 (f) All subcontractors that were not listed by the design-build
7 entity in accordance with clause (i) of subparagraph (A) of
8 paragraph (3) of subdivision (d) shall be awarded by the
9 design-build entity in accordance with the design-build process
10 set forth by the qualified entity in the design-build package. All
11 subcontractors bidding on contracts pursuant to this section shall
12 be afforded the protections contained in Chapter 4 (commencing
13 with Section 4100) of Part 1. The design-build entity shall do both
14 of the following:

15 (1) Provide public notice of the availability of work to be
16 subcontracted in accordance with the publication requirements
17 applicable to the competitive bidding process of the qualified
18 entity.

19 (2) Provide a fixed date and time on which the subcontracted
20 work will be awarded in accordance with the procedure established
21 pursuant to this section.

22 (g) The minimum performance criteria and design standards
23 established pursuant to paragraph (1) of subdivision (d) shall be
24 adhered to by the design-build entity. Any deviations from those
25 standards may only be allowed by written consent of the qualified
26 entity.

27 (h) The qualified entity may retain the services of a design
28 professional or construction project manager, or both, throughout
29 the course of the project in order to ensure compliance with this
30 section.

31 (i) Contracts awarded pursuant to this section shall be valid until
32 the project is completed.

33 (j) Nothing in this section is intended to affect, expand, alter,
34 or limit any rights or remedies otherwise available at law.

35 (k) (1) If the qualified entity elects to award a project pursuant
36 to this section, retention proceeds withheld by the qualified entity
37 from the design-build entity shall not exceed 5 percent if a
38 performance and payment bond, issued by an admitted surety
39 insurer, is required in the solicitation of bids.

1 (2) In a contract between the design-build entity and the
2 subcontractor, and in a contract between a subcontractor and any
3 subcontractor thereunder, the percentage of the retention proceeds
4 withheld may not exceed the percentage specified in the contract
5 between the qualified entity and the design-build entity. If the
6 design-build entity provides written notice to any subcontractor
7 who is not a member of the design-build entity, prior to or at the
8 time the bid is requested, that a bond may be required and the
9 subcontractor subsequently is unable or refuses to furnish a bond
10 to the design-build entity, then the design-build entity may withhold
11 retention proceeds in excess of the percentage specified in the
12 contract between the qualified entity and the design-build entity
13 from any payment made by the design-build entity to the
14 subcontractor.

15 (l) Each qualified entity that elects to proceed under this section
16 and uses the design-build method on a public works project shall
17 do both of the following:

18 (1) Notify the Legislative Analyst's Office upon initiation of
19 the project and upon completion of the project.

20 (2) Submit to the Legislative Analyst's Office, upon completion
21 of the project, a report containing a description of the public works
22 project procured through the design-build process pursuant to this
23 section and completed after January 1, 2009. The report shall
24 include, but shall not be limited to, all of the following information:

25 (A) The type of project.

26 (B) The gross square footage of the project.

27 (C) The design-build entity that was awarded the project.

28 (D) The estimated and actual project costs.

29 (E) A description of any written protests concerning any aspect
30 of the solicitation, bid, proposal, or award of the design-build
31 project, including the resolution of the protests.

32 (F) An assessment of the prequalification process and criteria.

33 (G) An assessment of the effect of retaining 5-percent retention
34 on the project.

35 (H) A description of the Labor Force Compliance Program and
36 an assessment of the project impact, where required.

37 (I) A description of the method used to award the contract. If
38 best value was the method, the report shall describe the factors
39 used to evaluate the bid, including the weighting of each factor
40 and an assessment of the effectiveness of the methodology.

1 (J) An assessment of the project impact of “skilled labor force
2 availability.”

3 (K) An assessment of the most appropriate uses for the
4 design-build approach.

5 (m) Any qualified entity that elects not to use the authority
6 granted by this section may submit a report to the Legislative
7 Analyst’s Office explaining why the qualified entity elected to not
8 use the design-build method.

9 (n) (1) In order to comply with paragraph (2) of subdivision
10 (a), the Office of Planning and Research is required to maintain
11 the list of entities that have applied and are eligible to be qualified
12 for this authority.

13 (2) Each entity that is interested in proceeding under the
14 authority in this section must apply to the Office of Planning and
15 Research.

16 (A) The application to proceed must be in writing.

17 (B) An entity must have complied with the California
18 Environmental Quality Act review process pursuant to Division
19 13 (commencing with Section 21000) of the Public Resources
20 Code prior to its application, and must include its approved notice
21 of determination or notice of completion in its application.

22 (3) The Office of Planning and Research must approve or deny
23 an application, in writing, within 30 days. The authority to deny
24 an application shall only be exercised if the conditions set forth in
25 either or both paragraph (2) of subdivision (a) and subparagraph
26 (B) of paragraph (2) of this subdivision have not been satisfied.

27 (4) An entity utilizing this section must, after it determines it
28 no longer is interested in using this authority, notify the Office of
29 Planning and Research in writing within 30 days of its
30 determination. Upon notification, the Office of Planning and
31 Research may contact any previous applicants, denied pursuant to
32 paragraph (2) of subdivision (a), to inform them of the availability
33 to proceed under this section.

34 (o) The Legislative Analyst shall report to the Legislature on
35 the use of the design-build method by qualified entities pursuant
36 to this section, including the information listed in subdivision (l).
37 The report may include recommendations for modifying or
38 extending this section, and shall be submitted on either of the
39 following dates, whichever occurs first:

1 (1) Within one year of the completion of the 20 projects, if the
2 projects are completed prior to January 1, 2019.

3 (2) No later than January 1, 2020.

4 *SEC. 81. Section 20209.7 of the Public Contract Code is*
5 *amended to read:*

6 20209.7. Design-build projects shall progress in a three-step
7 process, as follows:

8 (a) The transit operator shall prepare a set of documents setting
9 forth the scope of the project. The documents shall include, but
10 are not limited to, the size, type, and desired design character of
11 the buildings, transit facilities, and site, performance specifications
12 covering the quality of materials, equipment, and workmanship,
13 preliminary plans or building layouts, or any other information
14 deemed necessary to describe adequately the transit operator's
15 needs. The performance specifications and any plans shall be
16 prepared by a design professional duly licensed or registered in
17 California.

18 (b) Any architectural or engineering firm or individual retained
19 by the transit operator to assist in the development criteria or
20 preparation of the request for proposal (RFP) is not eligible to
21 participate in the competition for the design-build entity.

22 (c) (1) For contracts for public works projects awarded prior
23 ~~to the effective date of the regulations adopted by the Department~~
24 ~~of Industrial Relations pursuant to subdivision (g) of Section 1771.5~~
25 ~~of the Labor Code, January 1, 2012,~~ the transit operator shall
26 establish and enforce a labor compliance program containing the
27 requirements outlined in Section 1771.5 of the Labor Code or shall
28 contract with a third party to operate this labor compliance program
29 containing the requirements outlined in Section 1771.5 of the Labor
30 Code. This requirement shall not apply to projects where the transit
31 operator or the design-build entity has entered into a collective
32 bargaining agreement that binds all of the contractors performing
33 work on the project, or to any other project of the transit operator
34 that is not design-build.

35 (2) For contracts for public works projects awarded on or after
36 ~~the effective date of the regulations adopted by the Department of~~
37 ~~Industrial Relations pursuant to subdivision (g) of Section 1771.5~~
38 ~~of the Labor Code, the transit operator shall reimburse the~~
39 ~~department for its reasonable and directly related costs of~~
40 ~~performing prevailing wage monitoring and enforcement on public~~

works projects pursuant to rates established by the department as set forth in subdivision (h) of Section 1771.5 of the Labor Code. All moneys collected pursuant to this subdivision shall be deposited in the State Public Works Enforcement Fund created by Section 1771.3 of the Labor Code, and shall be used only for enforcement of prevailing wage requirements on those projects. *January 1, 2012, the project shall be subject to the requirements of Section 1771.4 of the Labor Code.*

(3) ~~In lieu of reimbursing the Department of Industrial Relations for its reasonable and directly related costs of performing monitoring and enforcement on public works projects, the transit operator may elect to continue operating an existing previously approved labor compliance program to monitor and enforce prevailing wage requirements on the project if it has either not contracted with a third party to conduct its labor compliance program and requests and receives approval from the department to continue its existing program or it enters into a collective bargaining agreement that binds all of the contractors performing work on the project and that includes a mechanism for resolving disputes about the payment of wages.~~

(d) (1) Each RFP shall identify the basic scope and needs of the project or contract, the expected cost range, and other information deemed necessary by the contracting agency to inform interested parties of the contracting opportunity.

(2) Each RFP shall invite interested parties to submit competitive sealed proposals in the manner prescribed by the contracting agency.

(3) Each RFP shall include a section identifying and describing:

(A) All significant factors that the agency reasonably expects to consider in evaluating proposals, including cost or price and all nonprice-related factors.

(B) The methodology and rating or weighting process that will be used by the agency in evaluating competitive proposals and specifically whether proposals will be rated according to numeric or qualitative values.

(C) The relative importance or weight assigned to each of the factors identified in the RFP. If a nonweighted system is used, the agency shall specifically disclose whether all evaluation factors other than cost or price, when combined, are any of the following:

(i) Significantly more important than cost or price.

1 (ii) Approximately equal in importance to cost or price.

2 (iii) Significantly less important than cost or price.

3 (D) If the contracting agency wishes to reserve the right to hold
4 discussions or negotiations with offerors, it shall specify the same
5 in the RFP and shall publish separately or incorporate into the RFP
6 applicable rules and procedures to be observed by the agency to
7 ensure that any discussions or negotiations are conducted in a fair
8 and impartial manner.

9 (e) (1) The transit operator shall establish a procedure to
10 prequalify design-build entities using a standard questionnaire
11 developed by the Director of Industrial Relations. The standardized
12 questionnaire shall not require prospective bidders to disclose any
13 violations of Chapter 1 (commencing with Section 1720) of Part
14 7 of Division 2 of the Labor Code committed prior to January 1,
15 1998, if the violation was based on a subcontractor's failure to
16 comply with these provisions and the bidder had no knowledge of
17 the subcontractor's violations and the bidder complied with the
18 conditions set forth in subdivision (b) of Section 1775 of the Labor
19 Code. In preparing the questionnaire, the director shall consult
20 with the construction industry, building trades, transit operators,
21 and other affected parties. This questionnaire shall require
22 information relevant to the architecture or engineering firm that
23 will be the lead on the design-build project. The questionnaire
24 shall include, but is not limited to, all of the following:

25 (A) A listing of all the contractors that are part of the
26 design-build entity.

27 (B) Evidence that the members of the design-build entity have
28 completed, or demonstrated the experience, competency, capability,
29 and capacity to complete, projects of similar size, scope, or
30 complexity, and that proposed key personnel have sufficient
31 experience and training to competently manage and complete the
32 design and construction of the project.

33 (C) The licenses, registrations, and credentials required to design
34 and construct the project, including information on the revocation
35 or suspension of any license, credential, or registration.

36 (D) Evidence that establishes that the design-build entity has
37 the capacity to obtain all required payment and performance
38 bonding, liability insurance, and errors and omissions insurance,
39 as well as a financial statement that assures the transit operator
40 that the design-build entity has the capacity to complete the project.

1 (E) Any prior serious or willful violation of the California
2 Occupational Safety and Health Act of 1973, contained in Part 1
3 (commencing with Section 6300) of Division 5 of the Labor Code
4 or the federal Occupational Safety and Health Act of 1970 (Public
5 Law 91-596), settled against any member of the design-build entity,
6 and information concerning a contractor member's workers'
7 compensation experience history and worker safety program.

8 (F) Information concerning any debarment, disqualification, or
9 removal from a federal, state, or local government public works
10 project. Any instance where an entity, its owners, officers, or
11 managing employees submitted a bid on a public works project
12 and were found by an awarding body not to be a responsible bidder.

13 (G) Any instance where the entity, its owner, officers, or
14 managing employees defaulted on a construction contract.

15 (H) Any violations of the Contractors' State License Law
16 (Chapter 9 (commencing with Section 7000) of Division 3 of the
17 Business and Professions Code), excluding alleged violations of
18 federal or state law, including the payment of wages, benefits,
19 apprenticeship requirements, or personal income tax withholding,
20 or of Federal Insurance Contribution Act (FICA; *26 U.S.C. Sec.*
21 *3101 et seq.*) withholding requirements settled against any member
22 of the design-build entity.

23 (I) Information concerning the bankruptcy or receivership of
24 any member of the entity, and information concerning all legal
25 claims, disputes, or lawsuits arising from any construction project
26 of any member of the entity during the past three years, including
27 information concerning any work completed by a surety.

28 (J) If the design-build entity is a partnership, limited partnership,
29 or other association, a listing of all of the partners, general partners,
30 or association members who will participate as subcontractors in
31 the design-build contract.

32 (K) Information concerning all settled adverse claims, disputes,
33 or lawsuits between the owner of a public works project and any
34 member of the design-build entity during the five-year period
35 immediately preceding submission of a bid pursuant to this section,
36 in which the claim, settlement, or judgment exceeds fifty thousand
37 dollars (\$50,000). Information shall also be provided concerning
38 any work completed by a surety during this period.

39 (L) In the case of a partnership or other association that is not
40 a legal entity, a copy of the agreement creating the partnership or

1 association and specifying that all partners or association members
2 agree to be liable for full performance under the design-build
3 contract.

4 (2) The information required pursuant to this subdivision shall
5 be verified under oath by the entity and its members in the manner
6 in which civil pleadings in civil actions are verified. Information
7 that is not a public record pursuant to the California Public Records
8 Act (Chapter 3.5 (commencing with Section 6250) of Division 7
9 of Title 1 of the Government Code) shall not be open to public
10 inspection.

11 (f) The transit operator shall establish a procedure for final
12 selection of the design-build entity. Selection shall be subject to
13 the following conditions:

14 (1) In no case shall the transit operator award a contract to a
15 design-build entity pursuant to this article for a capital maintenance
16 or capacity-enhancing rail project unless that project exceeds
17 twenty-five million dollars (\$25,000,000) in cost.

18 (2) For nonrail transit projects that exceed two million five
19 hundred thousand dollars (\$2,500,000), the transit operator may
20 award the project to the lowest responsible bidder or by using the
21 best value method.

22 (3) For the acquisition and installation of technology applications
23 or surveillance equipment designed to enhance safety, disaster
24 preparedness, and homeland security efforts, there shall be no cost
25 threshold and the transit operator may award the contract to the
26 lowest responsible bidder or by using the best value method.

27 (g) Except as provided in this section, nothing in this act shall
28 be construed to affect the application of any other law.

29 *SEC. 82. Section 20688.6 of the Public Contract Code is*
30 *amended to read:*

31 20688.6. (a) (1) Notwithstanding any other law, an agency,
32 with approval of its duly constituted board in a public hearing,
33 may utilize an alternative procedure for bidding on projects in the
34 community in excess of one million dollars (\$1,000,000) and may
35 award the project using either the lowest responsible bidder or by
36 best value.

37 (2) Only 10 design-build projects shall be authorized under this
38 section.

39 (b) (1) It is the intent of the Legislature to enable entities as
40 provided in Part 1 (commencing with Section 33000) of Division

1 24 of the Health and Safety Code to utilize design-build for those
2 infrastructure improvements authorized in Sections 33421, 33445,
3 and 33445.1 of the Health and Safety Code and subject to the
4 limitations on that authority described in Section 33421.1 of the
5 Health and Safety Code.

6 (2) The Legislature also finds and declares that utilizing a
7 design-build contract requires a clear understanding of the roles
8 and responsibilities of each participant in the design-build process.

9 (3) (A) For contracts for public works projects awarded prior
10 to the effective date of the regulations adopted by the Department
11 of Industrial Relations pursuant to subdivision (g) of Section 1771.5
12 of the Labor Code, *January 1, 2012*, if the board elects to proceed
13 under this section, the board shall establish and enforce a labor
14 compliance program containing the requirements outlined in
15 Section 1771.5 of the Labor Code, or it shall contract with a third
16 party to operate a labor compliance program containing the
17 requirements outlined in Section 1771.5 of the Labor Code. This
18 requirement shall not apply to projects where the agency or the
19 design-build entity has entered into a collective bargaining
20 agreement or agreements that bind all of the contractors performing
21 work on the projects.

22 (B) For contracts for public works projects awarded on or after
23 the effective date of the regulations adopted by the Department of
24 Industrial Relations pursuant to subdivision (g) of Section 1771.5
25 of the Labor Code, the board shall reimburse the department for
26 its reasonable and directly related costs of performing prevailing
27 wage monitoring and enforcement on public works projects
28 pursuant to rates established by the department as set forth in
29 subdivision (h) of Section 1771.5 of the Labor Code. All moneys
30 collected pursuant to this subdivision shall be deposited in the
31 State Public Works Enforcement Fund, created by Section 1771.3
32 of the Labor Code, and shall be used only for enforcement of
33 prevailing wage requirements on those projects. *January 1, 2012,*
34 *the project shall be subject to the requirements of Section 1771.4*
35 *of the Labor Code.*

36 (C) ~~In lieu of reimbursing the Department of Industrial Relations~~
37 ~~for its reasonable and directly related costs of performing~~
38 ~~monitoring and enforcement on public works projects, the board~~
39 ~~may elect to continue operating an existing previously approved~~
40 ~~labor compliance program to monitor and enforce prevailing wage~~

1 ~~requirements on the project if it has either not contracted with a~~
2 ~~third party to conduct its labor compliance program and requests~~
3 ~~and receives approval from the department to continue its existing~~
4 ~~program or it enters into a collective bargaining agreement that~~
5 ~~binds all of the contractors performing work on the project and~~
6 ~~that includes a mechanism for resolving disputes about the payment~~
7 ~~of wages.~~

8 (c) As used in this section:

9 (1) “Best value” means a value determined by objective criteria
10 related to price, features, functions, and life-cycle costs.

11 (2) “Design-build” means a procurement process in which both
12 the design and construction of a project are procured from a single
13 entity.

14 (3) “Design-build entity” means a partnership, corporation, or
15 other legal entity that is able to provide appropriately licensed
16 contracting, architectural, and engineering services as needed
17 pursuant to a design-build contract.

18 (4) “Project” means those infrastructure improvements
19 authorized in Sections 33421, 33445, and 33445.1 of the Health
20 and Safety Code and subject to the limitations and conditions on
21 that authority described in Article 10 (commencing with Section
22 33420) and Article 11 (commencing with Section 33430) of
23 Chapter 4 of Part 1 of Division 24 of the Health and Safety Code.

24 (d) Design-build projects shall progress in a four-step process,
25 as follows:

26 (1) (A) The agency shall prepare a set of documents setting
27 forth the scope of the project. The documents may include, but are
28 not limited to, the size, type, and desired design character of the
29 public improvement, performance specifications covering the
30 quality of materials, equipment, and workmanship, preliminary
31 plans or building layouts, or any other information deemed
32 necessary to describe adequately the agency’s needs. The
33 performance specifications and any plans shall be prepared by a
34 design professional who is duly licensed and registered in
35 California.

36 (B) Any architect or engineer retained by the agency to assist
37 in the development of the project specific documents shall not be
38 eligible to participate in the preparation of a bid with any
39 design-build entity for that project.

(2) (A) Based on the documents prepared as described in paragraph (1), the agency shall prepare a request for proposals that invites interested parties to submit competitive sealed proposals in the manner prescribed by the agency. The request for proposals shall include, but is not limited to, the following elements:

(i) Identification of the basic scope and needs of the project or contract, the expected cost range, and other information deemed necessary by the agency to inform interested parties of the contracting opportunity, to include the methodology that will be used by the agency to evaluate proposals and specifically if the contract will be awarded to the lowest responsible bidder.

(ii) Significant factors that the agency reasonably expects to consider in evaluating proposals, including cost or price and all nonprice-related factors.

(iii) The relative importance of the weight assigned to each of the factors identified in the request for proposals.

(B) With respect to clause (iii) of subparagraph (A), if a nonweighted system is used, the agency shall specifically disclose whether all evaluation factors other than cost or price when combined are:

(i) Significantly more important than cost or price.

(ii) Approximately equal in importance to cost or price.

(iii) Significantly less important than cost or price.

(C) If the agency chooses to reserve the right to hold discussions or negotiations with responsive bidders, it shall so specify in the request for proposal and shall publish separately or incorporate into the request for proposal applicable rules and procedures to be observed by the agency to ensure that any discussions or negotiations are conducted in good faith.

(3) (A) The agency shall establish a procedure to prequalify design-build entities using a standard questionnaire developed by the agency. In preparing the questionnaire, the agency shall consult with the construction industry, including representatives of the building trades and surety industry. This questionnaire shall require information including, but not limited to, all of the following:

(i) If the design-build entity is a partnership, limited partnership, or other association, a listing of all of the partners, general partners, or association members known at the time of bid submission who will participate in the design-build contract, including, but not limited to, mechanical subcontractors.

1 (ii) Evidence that the members of the design-build entity have
2 completed, or demonstrated the experience, competency, capability,
3 and capacity to complete, projects of similar size, scope, or
4 complexity, and that proposed key personnel have sufficient
5 experience and training to competently manage and complete the
6 design and construction of the project, as well as a financial
7 statement that assures the agency that the design-build entity has
8 the capacity to complete the project.

9 (iii) The licenses, registration, and credentials required to design
10 and construct the project, including information on the revocation
11 or suspension of any license, credential, or registration.

12 (iv) Evidence that establishes that the design-build entity has
13 the capacity to obtain all required payment and performance
14 bonding, liability insurance, and errors and omissions insurance.

15 (v) Any prior serious or willful violation of the California
16 Occupational Safety and Health Act of 1973, contained in Part 1
17 (commencing with Section 6300) of Division 5 of the Labor Code,
18 or the federal Occupational Safety and Health Act of 1970 (Public
19 Law 91-596), settled against any member of the design-build entity,
20 and information concerning workers' compensation experience
21 history and worker safety program.

22 (vi) Information concerning any debarment, disqualification,
23 or removal from a federal, state, or local government public works
24 project. Any instance in which an entity, its owners, officers, or
25 managing employees submitted a bid on a public works project
26 and were found to be nonresponsive, or were found by an awarding
27 body not to be a responsible bidder.

28 (vii) Any instance in which the entity, or its owners, officers,
29 or managing employees, defaulted on a construction contract.

30 (viii) Any violations of the Contractors' State License Law
31 (Chapter 9 (commencing with Section 7000) of Division 3 of the
32 Business and Professions Code), including alleged violations of
33 federal or state law including the payment of wages, benefits,
34 apprenticeship requirements, or personal income tax withholding,
35 or of Federal Insurance Contributions Act (FICA; *26 U.S.C. Sec.*
36 *3101 et seq.*) withholding requirements settled against any member
37 of the design-build entity.

38 (ix) Information concerning the bankruptcy or receivership of
39 any member of the design-build entity, including information
40 concerning any work completed by a surety.

(x) Information concerning all settled adverse claims, disputes, or lawsuits between the owner of a public works project and any member of the design-build entity during the five years preceding submission of a bid pursuant to this section, in which the claim, settlement, or judgment exceeds fifty thousand dollars (\$50,000). Information shall also be provided concerning any work completed by a surety during this period.

(xi) In the case of a partnership, joint venture, or an association that is not a legal entity, a copy of the agreement creating the partnership or association and specifying that all general partners, joint venturers, or association members agree to be fully liable for the performance under the design-build contract.

(B) The information required pursuant to this subdivision shall be verified under oath by the entity and its members in the manner in which civil pleadings in civil actions are verified. Information that is not a public record pursuant to the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code) shall not be open to public inspection.

(4) The agency shall establish a procedure for final selection of the design-build entity. Selection shall be based on either of the following criteria:

(A) A competitive bidding process resulting in lump-sum bids by the prequalified design-build entities. Awards shall be made to the lowest responsible bidder.

(B) An agency may use a design-build competition based upon best value and other criteria set forth in paragraph (2). The design-build competition shall include the following elements:

(i) Competitive proposals shall be evaluated by using only the criteria and selection procedures specifically identified in the request for proposal. However, the following minimum factors shall each represent at least 10 percent of the total weight of consideration given to all criteria factors: price, technical design and construction expertise, life-cycle costs over 15 years or more, skilled labor force availability, and acceptable safety record.

(ii) Once the evaluation is complete, the top three responsive bidders shall be ranked sequentially from the most advantageous to the least.

1 (iii) The award of the contract shall be made to the responsible
2 bidder whose proposal is determined, in writing, to be the most
3 advantageous.

4 (iv) Notwithstanding any provision of this code, upon issuance
5 of a contract award, the agency shall publicly announce its award,
6 identifying the contractor to whom the award is made, along with
7 a written decision supporting its contract award and stating the
8 basis of the award. The notice of award shall also include the
9 agency's second- and third-ranked design-build entities.

10 (v) For purposes of this paragraph, skilled labor force availability
11 shall be determined by the existence of an agreement with a
12 registered apprenticeship program, approved by the California
13 Apprenticeship Council, which has graduated apprentices in each
14 of the preceding five years. This graduation requirement shall not
15 apply to programs providing apprenticeship training for any craft
16 that has been deemed by the Department of Labor and the
17 Department of Industrial Relations to be an apprenticeable craft
18 in the five years prior to enactment of this act.

19 (vi) For purposes of this paragraph, a bidder's safety record
20 shall be deemed acceptable if its experience modification rate for
21 the most recent three-year period is an average of 1.00 or less, and
22 its average total recordable injury/illness rate and average lost
23 work rate for the most recent three-year period does not exceed
24 the applicable statistical standards for its business category or if
25 the bidder is a party to an alternative dispute resolution system as
26 provided for in Section 3201.5 of the Labor Code.

27 (e) (1) Any design-build entity that is selected to design and
28 build a project pursuant to this section shall possess or obtain
29 sufficient bonding to cover the contract amount for nondesign
30 services, and errors and omission insurance coverage sufficient to
31 cover all design and architectural services provided in the contract.
32 This section does not prohibit a general or engineering contractor
33 from being designated the lead entity on a design-build entity for
34 the purposes of purchasing necessary bonding to cover the activities
35 of the design-build entity.

36 (2) Any payment or performance bond written for the purposes
37 of this section shall be written using a bond form developed by
38 the agency.

39 (f) All subcontractors that were not listed by the design-build
40 entity in accordance with clause (i) of subparagraph (A) of

paragraph (3) of subdivision (d) shall be awarded by the design-build entity in accordance with the design-build process set forth by the agency in the design-build package. All subcontractors bidding on contracts pursuant to this section shall be afforded the protections contained in Chapter 4 (commencing with Section 4100) of Part 1. The design-build entity shall do both of the following:

(1) Provide public notice of the availability of work to be subcontracted in accordance with the publication requirements applicable to the competitive bidding process of the agency.

(2) Provide a fixed date and time on which the subcontracted work will be awarded in accordance with the procedure established pursuant to this section.

(g) The minimum performance criteria and design standards established pursuant to paragraph (1) of subdivision (d) shall be adhered to by the design-build entity. Any deviations from those standards may only be allowed by written consent of the agency.

(h) The agency may retain the services of a design professional or construction project manager, or both, throughout the course of the project in order to ensure compliance with this section.

(i) Contracts awarded pursuant to this section shall be valid until the project is completed.

(j) Nothing in this section is intended to affect, expand, alter, or limit any rights or remedies otherwise available at law.

(k) (1) If the agency elects to award a project pursuant to this section, retention proceeds withheld by the agency from the design-build entity shall not exceed 5 percent if a performance and payment bond, issued by an admitted surety insurer, is required in the solicitation of bids.

(2) In a contract between the design-build entity and the subcontractor, and in a contract between a subcontractor and any subcontractor thereunder, the percentage of the retention proceeds withheld shall not exceed the percentage specified in the contract between the agency and the design-build entity. If the design-build entity provides written notice to any subcontractor who is not a member of the design-build entity, prior to or at the time the bid is requested, that a bond may be required and the subcontractor subsequently is unable or refuses to furnish a bond to the design-build entity, then the design-build entity may withhold retention proceeds in excess of the percentage specified in the

1 contract between the agency and the design-build entity from any
2 payment made by the design-build entity to the subcontractor.

3 (l) Each agency that elects to proceed under this section and
4 uses the design-build method on a public works project shall submit
5 to the Legislative Analyst's Office before December 1, 2014, a
6 report containing a description of each public works project
7 procured through the design-build process after January 1, 2010,
8 and before November 1, 2014. The report shall include, but shall
9 not be limited to, all of the following information:

10 (1) The type of project.

11 (2) The gross square footage of the project.

12 (3) The design-build entity that was awarded the project.

13 (4) Where appropriate, the estimated and actual length of time
14 to complete the project.

15 (5) The estimated and actual project costs.

16 (6) A description of any written protests concerning any aspect
17 of the solicitation, bid, proposal, or award of the design-build
18 project, including the resolution of the protests.

19 (7) An assessment of the prequalification process and criteria.

20 (8) An assessment of the effect of retaining 5-percent retention
21 on the project.

22 (9) A description of the labor force compliance program and an
23 assessment of the project impact, where required.

24 (10) A description of the method used to award the contract. If
25 best value was the method, the report shall describe the factors
26 used to evaluate the bid, including the weighting of each factor
27 and an assessment of the effectiveness of the methodology.

28 (11) An assessment of the project impact of skilled labor force
29 availability.

30 (12) An assessment of the design-build dollar limits on agency
31 projects. This assessment shall include projects where the agency
32 wanted to use design-build and was precluded by the dollar
33 limitation. This assessment shall also include projects where the
34 best value method was not used due to dollar limitations.

35 (13) An assessment of the most appropriate uses for the
36 design-build approach.

37 (m) (1) In order to comply with paragraph (2) of subdivision
38 (a), the State Public Works Board is required to maintain the list
39 of agencies that have applied and are eligible to be qualified for
40 this authority.

1 (2) Each agency that is interested in proceeding under the
2 authority in this section must apply to the State Public Works
3 Board. The application to proceed shall be in writing and contain
4 such information that the State Public Works Board may require.

5 (3) The State Public Works Board shall approve or deny an
6 application, in writing, within 90 days of the submission of a
7 complete application. The authority to deny an application shall
8 only be exercised if the condition set forth in paragraph (2) of
9 subdivision (a) has been satisfied.

10 (4) An agency that has applied for this authorization shall, after
11 it determines it no longer is interested in using this authority, notify
12 the State Public Works Board in writing within 30 days of its
13 determination. Upon notification, the State Public Works Board
14 may contact any previous applicants, denied pursuant to paragraph
15 (2) of subdivision (a), to inform them of the availability to proceed
16 under this section.

17 (5) The State Public Works Board may authorize no more than
18 10 projects. The board shall not authorize or approve more than
19 two projects for any one eligible redevelopment agency that
20 submits a completed application.

21 (6) The State Public Works Board shall notify the Legislative
22 Analyst's Office when 10 projects have been approved.

23 (n) On or before January 1, 2015, the Legislative Analyst shall
24 report to the Legislature on the use of the design-build method by
25 agencies pursuant to this section, including the information listed
26 in subdivision (l). The report may include recommendations for
27 modifying or extending this section.

28 (o) Except as provided in this section, nothing in this act shall
29 be construed to affect the application of any other law.

30 (p) This section shall remain in effect only until January 1, 2016,
31 and as of that date is repealed, unless a later enacted statute, that
32 is enacted before January 1, 2016, deletes or extends that date.

33 *SEC. 83. Section 20919.3 of the Public Contract Code is*
34 *amended to read:*

35 20919.3. (a) (1) For contracts for public works projects
36 awarded prior to the effective date of the regulations adopted by
37 the Department of Industrial Relations pursuant to subdivision (g)
38 of Section 1771.5 of the Labor Code, January 1, 2012, the unified
39 school district shall establish and enforce for job order contracts
40 a labor compliance program containing the requirements outlined

1 in Section 1771.5 of the Labor Code, or it shall contract with a
2 third party to operate a labor compliance program containing the
3 requirements outlined in that provision. This requirement does not
4 apply to any project where the unified school district or the job
5 order contractor has entered into a collective bargaining agreement
6 or agreements that bind all of the contractors performing work on
7 the projects.

8 (2) For contracts for public works projects awarded on or after
9 the effective date of the regulations adopted by the Department of
10 Industrial Relations pursuant to subdivision (g) of Section 1771.5
11 of the Labor Code, the unified school district shall reimburse the
12 department for its reasonable and directly related costs of
13 performing prevailing wage monitoring and enforcement on public
14 works projects pursuant to rates established by the department as
15 set forth in subdivision (h) of Section 1771.5 of the Labor Code.
16 All moneys collected pursuant to this subdivision shall be deposited
17 in the State Public Works Enforcement Fund created by Section
18 1771.3 of the Labor Code, and shall be used only for enforcement
19 of prevailing wage requirements on those projects. *January 1,*
20 *2012, the project shall be subject to the requirements of Section*
21 *1771.4 of the Labor Code.*

22 (3) ~~In lieu of reimbursing the Department of Industrial Relations~~
23 ~~for its reasonable and directly related costs of performing~~
24 ~~monitoring and enforcement on public works projects, the unified~~
25 ~~school district may elect to continue operating an existing~~
26 ~~previously approved labor compliance program to monitor and~~
27 ~~enforce prevailing wage requirements on the project if it has either~~
28 ~~not contracted with a third party to conduct its labor compliance~~
29 ~~program and requests and receives approval from the department~~
30 ~~to continue its existing program or it enters into a collective~~
31 ~~bargaining agreement that binds all of the contractors performing~~
32 ~~work on the project and that includes a mechanism for resolving~~
33 ~~disputes about the payment of wages.~~

34 (b) The unified school district shall prepare an execution plan
35 for all modernization projects that may be eligible for job order
36 contracting pursuant to this article. The unified school district shall
37 select from that plan a sufficient number of projects to be initiated
38 as job order contracts during each calendar year and shall determine
39 for each selected project that job order contracting will reduce the
40 total cost of that project. Job order contracting shall not be used if

1 the unified school district finds that it will increase the total cost
2 of the project.

3 (c) No later than June 30, 2017, the unified school district shall
4 submit an interim report on all job order contract projects
5 completed by December 31, 2016, to the Office of Public School
6 Construction in the Department of General Services and the Senate
7 Committee on Business, Professions and Economic Development
8 and the Assembly Committee on Business, Professions and
9 Consumer Protection and the Senate and Assembly Committees
10 on Education. The interim report shall be prepared by an
11 independent third party and the unified school district shall pay
12 for the cost of the report. The report shall include the information
13 specified in subdivisions (a) through (h) of Section 20919.12.

14 *SEC. 84. Section 100152 of the Public Utilities Code is*
15 *repealed.*

16 ~~100152. (a) Except as specified in subdivision (b), the authority~~
17 ~~shall comply with subdivision (f) of Section 1771.5 of the Labor~~
18 ~~Code and shall reimburse the Department of Industrial Relations~~
19 ~~for its reasonable and directly related costs of performing prevailing~~
20 ~~wage monitoring and enforcement on public works projects~~
21 ~~pursuant to rates established by the department as set forth in~~
22 ~~subdivision (h) of Section 1771.5 of the Labor Code on projects~~
23 ~~using the CMGC project delivery method under this article. All~~
24 ~~moneys collected pursuant to this subdivision shall be deposited~~
25 ~~in the State Public Works Enforcement Fund, created by Section~~
26 ~~1771.3 of the Labor Code, and shall be used only for enforcement~~
27 ~~of prevailing wage requirements on those projects.~~

28 ~~(b) In lieu of complying with subdivision (a), the authority may~~
29 ~~elect to enter into a collective bargaining agreement that binds all~~
30 ~~of the contractors performing work on the project and that includes~~
31 ~~a mechanism for resolving disputes about the payment of wages.~~

32 *SEC. 85. Section 100152 is added to the Public Utilities Code,*
33 *to read:*

34 *100152. Any public works project that is contracted for*
35 *pursuant to this article shall be subject to the requirements of*
36 *Section 1771.4 of the Labor Code.*

37 *SEC. 86. Section 103396 of the Public Utilities Code is*
38 *repealed.*

39 ~~103396. (a) Except as specified in subdivision (b), the district~~
40 ~~shall comply with subdivision (f) of Section 1771.5 of the Labor~~

~~Code and shall reimburse the Department of Industrial Relations for its reasonable and directly related costs of performing prevailing wage monitoring and enforcement on public works projects pursuant to rates established by the department as set forth in subdivision (h) of Section 1771.5 of the Labor Code on projects using the CMGC project delivery method under this article. All moneys collected pursuant to this subdivision shall be deposited in the State Public Works Enforcement Fund, created by Section 1771.3 of the Labor Code, and shall be used only for enforcement of prevailing wage requirements on those projects.~~

~~(b) In lieu of complying with subdivision (a), the district may elect to enter into a collective bargaining agreement that binds all of the contractors performing work on the project and that includes a mechanism for resolving disputes about the payment of wages.~~

SEC. 87. Section 103396 is added to the Public Utilities Code, to read:

103396. Any public works project that is contracted for pursuant to this article shall be subject to the requirements of Section 1771.4 of the Labor Code.

SEC. 88. Section 75.70 of the Revenue and Taxation Code is amended to read:

75.70. (a) Notwithstanding any other law, for the 1983–84 fiscal year, each county auditor shall allocate to all elementary, high school, and unified school districts within the county in proportion to each school district’s average daily attendance, as certified by the Superintendent of Public Instruction for purposes of the advance apportionment of state aid in the then current fiscal year, without respect to the allocation of property tax revenues pursuant to Chapter 6 (commencing with Section 95) of Part 0.5, and without respect to allocation and payment of funds as provided for in subdivision (b) of Section 33670 of the Health and Safety Code, an amount equal to the additional revenues generated by the rate levied pursuant to subdivision (a) of Section 1 of Article XIII A of the California Constitution applied to the increased assessments for the current roll under this chapter. Additional revenues generated by a rate or rates levied in excess of the limitation prescribed by subdivision (a) of Section 1 of Article XIII A of the California Constitution shall be allocated to the fund for which the tax rate or rates were levied.

(b) For the 1984–85 fiscal year, the county auditor shall, without respect to the allocation of property tax revenues pursuant to Chapter 6 (commencing with Section 95) of Part 0.5, do all of the following:

(1) Make the allocation and payment of funds as provided in Section 33670 of the Health and Safety Code.

(2) Allocate to the county the amount determined pursuant to Section 75.60.

(3) Allocate to the county an amount equal to the total amount of additional revenues generated by the rate levied pursuant to subdivision (a) of Section 1 of Article XIII A of the California Constitution applied to the increased assessments under this chapter, less the amount determined pursuant to paragraphs (1) and (2), the remainder multiplied by the county's property tax apportionment factor determined pursuant to Section 97.5.

(4) Allocate to each community college district and county superintendent of schools within the county an amount equal to the total amount of additional revenues generated by the rate levied pursuant to subdivision (a) of Section 1 of Article XIII A of the California Constitution applied to the increased assessments under this chapter, less the amount determined pursuant to paragraphs (1) and (2), the remainder multiplied by each county superintendent of schools' and community college district's property tax apportionment factor determined pursuant to Section 97.5.

(5) Allocate to each city within the county an amount equal to the total amount of additional revenue generated by the rate levied pursuant to subdivision (a) of Section 1 of Article XIII A of the California Constitution applied to the increased assessments under this chapter, less the amount determined pursuant to paragraphs (1) and (2), the remainder multiplied by each city's property tax apportionment factor determined pursuant to Section 97.5.

(6) Allocate to each special district within the county an amount equal to the total amount of additional revenues generated by the rate levied pursuant to subdivision (a) of Section 1 of Article XIII A of the California Constitution applied to the increased assessments under this chapter, less the amount determined pursuant to paragraphs (1) and (2), the remainder multiplied by each special district's property tax apportionment factor determined pursuant to Section 97.5. The amount allocated to each special district which is governed by the board of supervisors of a county or whose

governing board is the same as the board of supervisors of a county, shall be subject to Section 98.6.

(7) Allocate the remaining revenues generated by the rate levied pursuant to subdivision (a) of Section 1 of Article XIII A of the California Constitution applied to the increased assessments under this chapter to all elementary, high school, and unified school districts within the county in proportion to each school district's average daily attendance, as certified by the Superintendent of Public Instruction for purposes of the advance apportionment of state aid in the then current fiscal year.

(8) Allocate additional revenues generated by a rate levied in excess of the limitation prescribed by subdivision (a) of Section 1 of Article XIII A of the California Constitution to the fund or funds for which the tax rate or rates were levied.

These allocations shall be made on a timely basis but no later than 30 calendar days after the close of the preceding monthly or four-weekly accounting period.

(c) For the 1985–86 fiscal year, and each fiscal year thereafter, the county auditor shall, without respect to the allocation of property tax revenues pursuant to Chapter 6 (commencing with Section 95) of Part 0.5, do all of the following:

(1) Make the allocation and payment of funds as provided in Section 33670 of the Health and Safety Code.

(2) Allocate and pay to the county an amount equal to the total amount of additional revenues generated by the rate levied pursuant to subdivision (a) of Section 1 of Article XIII A of the California Constitution applied to the increased assessments under this chapter, less the amount determined pursuant to paragraph (1), the remainder multiplied by the county's property tax apportionment factor determined pursuant to ~~Section 97.5:~~ 96.2.

(3) Allocate and pay to each county superintendent of schools and community college district within the county an amount equal to the total amount of additional revenues generated by the rate levied pursuant to subdivision (a) of Section 1 of Article XIII A of the California Constitution applied to the increased assessments under this chapter, less the amount determined pursuant to paragraph (1), the remainder multiplied by each county superintendent of schools' and community college district's property tax apportionment factor determined pursuant to ~~Section 97.5:~~ 96.2.

(4) Allocate and pay to each city within the county an amount equal to the total amount of additional revenues generated by the rate levied pursuant to subdivision (a) of Section 1 of Article XIII A of the California Constitution applied to the increased assessments under this chapter, less the amount determined pursuant to paragraph (1), the remainder multiplied by each city's property tax apportionment factor determined pursuant to Section ~~97.5~~ 96.2.

(5) Allocate and pay to each special district within the county an amount equal to the total amount of additional revenues generated by the rate levied pursuant to subdivision (a) of Section 1 of Article XIII A of the California Constitution applied to the increased assessments under this chapter, less the amount determined pursuant to paragraph (1), the remainder multiplied by each special district's property tax apportionment factor determined pursuant to Section ~~97.5~~ 96.2. The amount allocated to each special district which is governed by the board of supervisors of a county or whose governing body is the same as the board of supervisors of a county, shall be subject to Section 98.6.

(6) Allocate and pay the remaining revenues generated by the rate levied pursuant to subdivision (a) of Section 1 of Article XIII A of the California Constitution applied to the increased assessments under this chapter to all elementary, high school, and unified school districts within the county in proportion to each school district's average daily attendance, as certified by the Superintendent of Public Instruction for the purposes of the advance apportionment of state aid in the then current fiscal year.

(7) Allocate and pay additional revenues generated by a rate levied in excess of the limitation prescribed by subdivision (a) of Section 1 of Article XIII A of the California Constitution to the fund or funds for which the tax rate or rates were levied.

These allocations and payments shall be made on a timely basis but no later than 30 calendar days after the close of the preceding monthly or four-weekly accounting period. For a county with a population of 500,000 or less, the allocations may be made on a biannual basis.

(d) For purposes of the certification made by the Superintendent of Public Instruction pursuant to *paragraph (6) of* subdivision ~~(a)~~,

(c), the average daily attendance of the following school districts shall be deemed to be zero:

(1) In the case of multicounty school districts, the portions of the school districts located other than in the county of control.

(2) A school district that is an excess tax school entity, as defined in subdivision (n) of Section 95, in the prior fiscal year.

(e) The Superintendent of Public Instruction shall certify the appropriate counts of average daily attendance pursuant to subdivision (a) to each county auditor no later than July 15 of each applicable fiscal year.

(f) If the average daily attendance of all elementary, high school, and unified school districts within the county is deemed to be zero by the Superintendent of Public Instruction pursuant to subdivision (d), the county auditor shall reallocate the revenues described in paragraph (6) of subdivision (c) to the entities listed in paragraphs (2) to (5), inclusive, of subdivision (c), in proportion to each entity's percentage of revenues in comparison to the aggregate total of revenues.

~~(f)~~

(g) On or before November 15 and April 15, the auditor of each county shall furnish to the Superintendent of Public Instruction the estimated amount of tax receipts pursuant to this section of each school district situated within his or her county.

~~(g)~~

(h) In the event property tax revenues under this chapter are generated by a change in ownership or completed new construction which occurred on or before May 31, 1984, but are collected subsequent to the 1983–84 fiscal year, the revenues for the current roll shall be allocated to school districts as if they had been collected and allocated during this 1983–84 fiscal year. Any of the aforementioned revenues which are collected in the 1984–85 fiscal year shall be applied to school apportionments for the 1984–85 fiscal year.

SEC. 89. Section 95.5 is added to the Revenue and Taxation Code, to read:

95.5. (a) The Legislature finds and declares all of the following:

(1) In recognition of the fact that over 50 percent of annual property tax revenues accrue to K-14 schools and county offices of education, and thereby help to offset the state's General Fund

1 *obligation to those entities, the state has a vested financial interest*
2 *in ensuring that county assessors have the resources necessary to*
3 *fairly and efficiently administer the county property tax rolls. Fair*
4 *and efficient administration includes, but is not limited to, the*
5 *expeditious enrollment of properties that are newly constructed*
6 *or that change ownership, the timely levying of supplemental*
7 *assessments when ownership changes occur; the timely*
8 *reassessment of property to reflect market values, and the defense*
9 *of assessed valuations that county assessors believe have been*
10 *improperly appealed.*

11 *(2) It is the intent of the Legislature to establish a three-year*
12 *pilot program limited to nine competitively selected county*
13 *assessors' offices to quantify the benefit of providing county*
14 *assessors with state grants to improve their ability to discharge*
15 *these, and related essential duties.*

16 *(3) The success of the pilot program shall be determined based*
17 *on whether the assessment activities funded with pilot program*
18 *funds in each county have enhanced countywide equalization by*
19 *properly valuing property, and have thereby generated property*
20 *tax revenues for K-14 schools and county offices of education in*
21 *an amount that is not less than the total amount of General Fund*
22 *revenues expended to fund the pilot program in each participating*
23 *county.*

24 *(b) For the 2014–15 fiscal year to the 2016–17 fiscal year,*
25 *inclusive, there is hereby created the State-County Assessors'*
26 *Partnership Agreement Program, to be administered by the*
27 *Department of Finance.*

28 *(1) Program funding shall be subject to appropriation in the*
29 *annual Budget Act. The program shall be inoperative in any fiscal*
30 *year in which an appropriation is not provided.*

31 *(2) Each participating county shall annually match, on a*
32 *dollar-for-dollar basis, the program funds apportioned to their*
33 *county assessor's office.*

34 *(3) Program funds provided to participating county assessors*
35 *shall be used to supplement, and not supplant, existing funding.*
36 *For purposes of this paragraph, base staffing and funding levels*
37 *shall be calculated as of June 30, 2014, unless otherwise authorized*
38 *by the Department of Finance.*

39 *(4) (A) The costs paid under the program shall be both of the*
40 *following:*

1 (i) Actual administrative costs for purposes of Section 75.60.

2 (ii) Property tax administrative costs for purposes of Section
3 95.3.

4 (B) For purposes of this paragraph, “costs paid under the
5 program” includes both of the following:

6 (i) Program funds provided to participating county assessor’s
7 offices by the state.

8 (ii) Matching funds provided by the county.

9 (c) All counties shall be eligible to apply to participate in the
10 program. However, the Department of Finance shall limit program
11 participation as follows:

12 (1) (A) No more than two program participants shall be selected
13 from counties of the first or second class, inclusive, as defined in
14 Sections 28022 and 28023 of the Government Code.

15 (B) Each county selected from within the classes specified in
16 subparagraph (A) shall be eligible to receive at least 25 percent
17 of the amount annually appropriated for the program, not to exceed
18 one million eight hundred seventy-five thousand dollars
19 (\$1,875,000).

20 (C) If the number of approved program participants is not
21 sufficient to meet the number of participants allowed under
22 subparagraph (A), the number of program participants under
23 subparagraph (A) of paragraph (2) may be increased by the
24 remaining number of participants from this paragraph. The
25 remaining funds will be added to the funds available within
26 subparagraph (B) of paragraph (2) so that the total program funds
27 will be available for distribution equally among the participants
28 in paragraph (2).

29 (2) (A) No more than four program participants shall be
30 selected from counties of the third to 12th classes, inclusive, as
31 defined in Sections 28024 to 28033, inclusive, of the Government
32 Code.

33 (B) Each county selected from within the classes specified in
34 subparagraph (A) shall be eligible to receive at least 11 percent
35 of the amount annually appropriated for the program, not to exceed
36 eight hundred twenty-five thousand dollars (\$825,000).

37 (C) If the number of approved program participants is not
38 sufficient to meet the number of participants allowed under
39 subparagraph (A), the number of program participants under
40 subparagraph (A) of paragraph (3) may be increased by the

1 remaining number of participants from this paragraph. The
2 remaining funds will be added to the funds available within
3 subparagraph (B) of paragraph (3) so that the total program funds
4 set aside will be available for distribution equally among the
5 participants in paragraph (3).

6 (3) (A) No more than three program participants shall be
7 selected from counties of the 13th to 58th classes, inclusive, as
8 defined in Sections 28034 to 28079, inclusive, of the Government
9 Code.

10 (B) Each county selected from within the classes specified in
11 subparagraph (A) shall be eligible to receive at least 2 percent of
12 the amount annually appropriated for the program, not to exceed
13 one hundred fifty thousand dollars (\$150,000).

14 (4) County populations for purposes of this subdivision shall
15 be determined based on the most recent January estimate by the
16 population research unit of the Department of Finance.

17 (d) County assessors' offices that elect to apply to participate
18 in the program shall do all the following on or before September
19 15, 2014:

20 (1) Transmit to the Department of Finance a resolution of the
21 county board of supervisors that states the county agrees to provide
22 the assessor's office with matching funds, on a dollar-for-dollar
23 basis, in each year that the assessor's office participates in the
24 program.

25 (2) Submit to the Department of Finance an application, in the
26 form and manner specified by Department of Finance. The
27 Department of Finance may reject applications not received by
28 the specified date. At a minimum, the application shall include the
29 following:

30 (A) The staff the county assessor proposes to fund using program
31 funds and matching county funds.

32 (B) The estimated value that the staff identified in subparagraph
33 (A) will result in a change to the county property tax roll pursuant
34 to work performed in accordance with subparagraph (A) of
35 paragraph (1) of subdivision (f). This information shall be provided
36 for each of the three fiscal years that the program is authorized
37 to operate. The application shall separately state each of the
38 following:

39 (i) The dollar value changed on the county property tax roll by
40 county assessor's office staff in the 2013–14 fiscal year through

1 *performance of the tasks described in subparagraph (A) of*
2 *paragraph (1) of subdivision (f).*

3 *(ii) The estimated countywide backlog of newly constructed real*
4 *property that has not yet been enrolled and the estimated rate at*
5 *which the staff identified in subparagraph (A) will enroll that*
6 *property.*

7 *(C) The estimated value that the staff identified in subparagraph*
8 *(A) will result in a change to the county property tax roll pursuant*
9 *to work performed in accordance with subparagraph (B) of*
10 *paragraph (1) of subdivision (f). This information shall be provided*
11 *for each of the three fiscal years that the program is authorized*
12 *to operate. The application shall separately state each of the*
13 *following:*

14 *(i) The dollar value changed on the county property tax roll by*
15 *county assessor's office staff in the 2013–14 fiscal year through*
16 *performance of the tasks described in subparagraph (B) of*
17 *paragraph (1) of subdivision (f).*

18 *(ii) The estimated countywide backlog of real property that has*
19 *changed ownership and not yet been reassessed and the estimated*
20 *dollar value of that real property.*

21 *(D) The estimated value that the staff identified in subparagraph*
22 *(A) will result in a change to the county property tax roll pursuant*
23 *to work performed in accordance with subparagraph (C) of*
24 *paragraph (1) of subdivision (f). This information shall be provided*
25 *for each of the three fiscal years that the program is authorized*
26 *to operate. The application shall separately state each of the*
27 *following:*

28 *(i) The dollar value changed on the county property tax roll by*
29 *county assessor's office staff in the 2013–14 fiscal year through*
30 *performance of the tasks described in subparagraph (C) of*
31 *paragraph (1) of subdivision (f).*

32 *(ii) The estimated countywide backlog of supplemental*
33 *assessments that have not been issued and the estimated dollar*
34 *value of those assessments.*

35 *(E) The estimated value that the staff identified in subparagraph*
36 *(A) will result in a change to the county property tax roll pursuant*
37 *to work performed in accordance with subparagraph (D) of*
38 *paragraph (1) of subdivision (f). This information shall be provided*
39 *for each of the three fiscal years that the program is authorized*

1 to operate. The application shall separately state each of the
2 following:

3 (i) The dollar value changed on the county property tax roll by
4 county assessor's office staff in the 2013–14 fiscal year through
5 performance of the tasks described in subparagraph (D) of
6 paragraph (1) of subdivision (f).

7 (ii) The estimated countywide backlog of real properties that
8 have not been reassessed upon modification and the estimated
9 dollar value that those modifications will add to the county
10 property tax roll.

11 (F) The estimated value that the staff identified in subparagraph
12 (A) will result in a change to the county property tax roll pursuant
13 to work performed in accordance with subparagraph (E) of
14 paragraph (1) of subdivision (f). This information shall be provided
15 for each of the three fiscal years that the program is authorized
16 to operate. The application shall separately state each of the
17 following:

18 (i) The dollar value changed on the county property tax roll by
19 county assessor's office staff in the 2013–14 fiscal year through
20 performance of the tasks described in subparagraph (E) of
21 paragraph (1) of subdivision (f).

22 (ii) The estimated countywide backlog of escaped assessments
23 and the estimated dollar value of those assessments.

24 (G) The estimated value that the staff identified in subparagraph
25 (A) will add to the county property tax roll pursuant to work
26 performed in accordance with subparagraph (F) of paragraph (1)
27 of subdivision (f). This information shall be provided for each of
28 the three fiscal years that the program is authorized to operate.
29 The application shall separately state each of the following:

30 (i) The dollar value changed on the county property tax roll by
31 county assessor's office staff in the 2013–14 fiscal year through
32 performance of the tasks described in subparagraph (F) of
33 paragraph (1) of subdivision (f).

34 (ii) The estimated countywide backlog of properties that have
35 not been reassessed to market value subsequent to having their
36 assessed values reduced and the estimated dollar value of those
37 reassessments.

38 (H) The estimated number of assessment appeals to which the
39 staff identified in subparagraph (A) will respond in accordance
40 with subparagraph (G) of paragraph (1) of subdivision (f). This

1 *information shall be provided for each of the three fiscal years*
2 *that the program is authorized to operate. The application shall*
3 *separately state each of the following:*

4 *(i) The dollar value retained on the county property tax roll by*
5 *county assessor's office staff in the 2013–14 fiscal year through*
6 *performance of the tasks described in subparagraph (G) of*
7 *paragraph (1) of subdivision (f).*

8 *(ii) The number of assessment appeals to which the county*
9 *assessor was unable to respond due to staffing shortages in the*
10 *2013–14 fiscal year, and the dollar amount by which the county*
11 *property tax roll was consequently reduced.*

12 *(I) The estimated value that the staff identified in subparagraph*
13 *(A) will result in a change to the county property tax roll pursuant*
14 *to work performed in accordance with subparagraph (H) of*
15 *paragraph (1) of subdivision (f). This information shall be provided*
16 *for each of the three fiscal years that the program is authorized*
17 *to operate. The application shall separately state each of the*
18 *following:*

19 *(i) The dollar value changed on the county property tax roll by*
20 *county assessor's office staff in the 2013–14 fiscal year through*
21 *performance of the tasks described in subparagraph (H) of*
22 *paragraph (1) of subdivision (f).*

23 *(ii) The estimated amount resulting in change to the county*
24 *property tax roll due to additional audits completed pursuant to*
25 *Sections 469 and 470 and the estimated dollar value of those*
26 *assessments.*

27 *(J) The estimated value that the staff identified in subparagraph*
28 *(A) will result in a change to the county property tax roll pursuant*
29 *to work performed in accordance with subparagraph (I) of*
30 *paragraph (1) of subdivision (f). This information shall be provided*
31 *for each of the three fiscal years that the program is authorized*
32 *to operate. The application shall separately state each of the*
33 *following:*

34 *(i) The dollar value changed on the county property tax roll by*
35 *county assessor's staff in the 2013–14 fiscal year through*
36 *performance of the tasks described in subparagraph (I) of*
37 *paragraph (1) of subdivision (f).*

38 *(ii) The estimated amount resulting in a change to the county*
39 *property tax roll due to discovering taxable property pursuant to*
40 *Sections 405 and 531, the estimated dollar value of those*

1 assessments, and the estimated rate at which the staff identified
2 in subparagraph (A) will issue those assessments.

3 (K) State the amount of program funds and county matching
4 funds that the county assessor proposes to expend for each of
5 paragraphs (2) and (3) of subdivision (f).

6 (e) (1) The Department of Finance shall review the applications,
7 select the program participants on the strength of those
8 applications, and notify the participants of their selection no later
9 than October 15, 2014. No later than October 22, 2014, and each
10 October 22 thereafter while the program is operative, the
11 Department of Finance shall instruct the office of the State
12 Controller to remit to each participating county the appropriate
13 sum in accordance with subdivision (c).

14 (2) It is the intent of the Legislature that the Department of
15 Finance seek to ensure that the applicants selected to participate
16 in the program consist of a representative cross section of the
17 state's county assessor's offices. Therefore, it is the intent of the
18 Legislature that the Department of Finance consider factors other
19 than revenue generating potential when reviewing applications.

20 (f) County assessors' offices shall use program funds only for
21 the following purposes, provided that the funds may be used for
22 additional, related purposes upon the receipt of specific
23 authorization from the Department of Finance:

24 (1) The payment of salaries and benefits to assessor's office
25 staff hired or otherwise funded subsequent to the Department of
26 Finance's approval of the assessor's program participation
27 application pursuant to subdivision (d), to assist with the following
28 activities:

29 (A) Assessing and enrolling newly constructed real property.

30 (B) Reassessing real property that has changed ownership.

31 (C) Processing supplemental assessments for real property that
32 has changed ownership.

33 (D) Reassessing existing real property that has been modified
34 in a way that changes its current assessed value.

35 (E) Reassessing real and personal property that has escaped
36 assessment, as defined in Section 531.

37 (F) Reassessing to current market value those real properties
38 for which the county assessor previously reduced the assessed
39 valuation pursuant to subdivision (b) of Section 2 of Article XIII
40 A of the Constitution.

1 (G) Responding to real property assessment appeals pursuant
2 to Part 3 (commencing with Section 1601) of Division 1.

3 (H) Conducting property tax audits pursuant to Sections 469
4 and 470.

5 (I) Discovering real and personal property not previously
6 assessed.

7 (2) Procuring office space for staff hired pursuant to paragraph
8 (1).

9 (3) Procuring office supplies and related items for staff hired
10 pursuant to paragraph (1).

11 (4) Procuring information technology systems and software to
12 assist with the activities specified in subparagraphs (A) to (G),
13 inclusive, of paragraph (1) by increasing efficiencies and
14 effectiveness of property tax administration, and allowing for
15 appropriate utilization of program receipts. For purposes of this
16 paragraph, "information technology systems and software" shall
17 exclude desktop computers, portable computers, tablet computers,
18 and mobile phones, unless specifically authorized by the
19 Department of Finance.

20 (g) No later than April 15, 2015, and each subsequent April 15
21 that the program is operative, each participating county assessor's
22 office shall report the following information to the Department of
23 Finance in the form and manner specified by the Department of
24 Finance:

25 (1) The matching funds provided by the county in the fiscal year.

26 (2) A status report for completing the assessment activities using
27 program funds and county matching funds to meet the benchmarks
28 specified in paragraph (2) of subdivision (a) in the next fiscal year.

29 (h) No later than September 15, 2015, and each subsequent
30 September 15 that the program is operative, each participating
31 county assessor's office shall report the following information to
32 the Department of Finance in the form and manner specified by
33 the Department of Finance:

34 (1) (A) The matching funds provided by the county in the fiscal
35 year.

36 (B) If the matching funds provided by the county are less than
37 the amount determined for that year by the Department of Finance
38 pursuant to paragraph (2) of subdivision (b), the Director of
39 Finance shall immediately terminate the county's participation in
40 the program.

1 (2) *The number of staff whose salaries and benefits were paid*
2 *in full with program grant funds and with county matching funds*
3 *in the fiscal year.*

4 (3) *The number of properties assessed and enrolled in the fiscal*
5 *year pursuant to subparagraph (A) of paragraph (1) of subdivision*
6 *(f) by the staff identified in paragraph (1) of subdivision (f), and*
7 *the total assessed value of those properties. If applicable, the*
8 *county assessor shall separately report the number of properties*
9 *assessed and enrolled in the fiscal year using the information*
10 *technology systems and software identified in paragraph (4) of*
11 *subdivision (f) and the total assessed value of those properties.*

12 (4) *The number of properties reassessed in the fiscal year*
13 *pursuant to subparagraph (B) of paragraph (1) of subdivision (f)*
14 *by the staff identified in paragraph (1) of subdivision (f), and the*
15 *total roll value of those reassessments. If applicable, the county*
16 *assessor shall separately report the number of properties*
17 *reassessed in the fiscal year using the information technology*
18 *systems and software identified in paragraph (4) of subdivision*
19 *(f) and the total roll value of those reassessments.*

20 (5) *The number of supplemental assessments enrolled in the*
21 *fiscal year pursuant to subparagraph (C) of paragraph (1) of*
22 *subdivision (f) by the staff identified in paragraph (1) of subdivision*
23 *(f), and the total roll value of those supplemental assessments. If*
24 *applicable, the county assessor shall separately report the number*
25 *of supplemental assessments enrolled in the fiscal year using the*
26 *information technology systems and software identified in*
27 *paragraph (4) of subdivision (f) and the total roll value of those*
28 *supplemental assessments.*

29 (6) *The number of properties reassessed in the fiscal year*
30 *pursuant to subparagraph (D) of paragraph (1) of subdivision (f)*
31 *by the staff identified in paragraph (1) of subdivision (f) and the*
32 *total roll value of those reassessments. If applicable, the county*
33 *assessor shall separately report the number of properties*
34 *reassessed in the fiscal year using the information technology*
35 *systems and software identified in paragraph (4) of subdivision*
36 *(f) and the total roll value of those reassessments.*

37 (7) *The number of escaped assessments enrolled in the fiscal*
38 *year pursuant to subparagraph (E) of paragraph (1) of subdivision*
39 *(f) by the staff identified in paragraph (1) of subdivision (f), and*
40 *the total roll value of those assessments. If applicable, the county*

1 assessor shall separately report the number of escaped assessments
2 enrolled in the fiscal year using the information technology systems
3 and software identified in paragraph (4) of subdivision (f) and the
4 total roll value of those assessments.

5 (8) The number of properties reassessed in the fiscal year
6 pursuant to subparagraph (F) of paragraph (1) of subdivision (f)
7 by the staff identified in paragraph (1) of subdivision (f), and the
8 total roll value of those reassessments. If applicable, the county
9 assessor shall separately report the number of properties
10 reassessed in the fiscal year using the information technology
11 systems and software identified in paragraph (4) of subdivision
12 (f) and the total roll value of those reassessments.

13 (9) The number of assessment appeals successfully responded
14 to in the fiscal year pursuant to subparagraph (G) of paragraph
15 (1) of subdivision (f) by the staff identified in paragraph (1) of
16 subdivision (f) and the total value retained on the roll as a result.
17 For purposes of this paragraph, “successfully responded to” means
18 the assessment appeals board did not reduce the assessed value
19 to that claimed by the appellant.

20 (10) The additional number of property tax audits completed
21 in the fiscal year pursuant to subparagraph (H) of paragraph (1)
22 of subdivision (f) by the staff identified in paragraph (1) of
23 subdivision (f) and the total value retained on the roll as a result.
24 For purposes of this paragraph, additional audits refers to the
25 number greater than the required volume of pool audits pursuant
26 to Section 469.

27 (11) The number of properties discovered pursuant
28 subparagraph (I) of paragraph (1) of subdivision (f) by the staff
29 identified in paragraph (1) of subdivision (f) and the total value
30 retained on the roll as a result.

31 (i) The Department of Finance shall annually review the
32 information submitted pursuant to subdivision (g), and shall
33 determine for each county whether the work performed using
34 program funds and county matching funds has met the benchmarks
35 specified in paragraph (2) of subdivision (a). Subsequent to the
36 provision of 30 days’ notice to the Joint Legislative Budget
37 Committee, the Director of Finance may terminate the participation
38 of a county assessor’s office in the program under the following
39 circumstances:

1 (1) If the program activities of the assessor's office have not
2 met the benchmarks specified in paragraph (2) of subdivision (a),
3 and if the Director of Finance believes the assessor's office does
4 not have a viable plan for performing additional assessment
5 activities that will meet those benchmarks in the next fiscal year.

6 (2) If the program funds were expended for purposes not
7 authorized in subdivision (f), or as otherwise approved by the
8 Department of Finance pursuant to that subdivision.

9 (3) If the Director of Finance believes that the county's
10 participation is no longer in the best fiscal or policy interest of
11 the state or of the affected taxing entities.

12 (j) Upon the request of the Department of Finance, participating
13 county assessors' offices shall provide the Department of Finance
14 with any supplemental information necessary to substantiate the
15 information contained in the report submitted pursuant to
16 subdivision (g).

17 (k) No later than May 8, 2017, the Department of Finance shall
18 provide the Joint Legislative Budget Committee with a report that,
19 at a minimum, includes the following information for each county
20 and for each fiscal year that the program was in operation:

21 (1) The assessed value of properties enrolled pursuant to
22 subparagraph (A) of paragraph (1) of subdivision (f), using
23 program funds and county matching funds. If applicable, the
24 Department of Finance shall separately report the assessed value
25 of properties enrolled using the information technology systems
26 and software identified in paragraph (4) of subdivision (f).

27 (2) The increase in assessed value of properties reassessed
28 pursuant to subparagraph (B) of paragraph (1) of subdivision (f),
29 using program funds and county matching funds. If applicable,
30 the Department of Finance shall separately report the increase in
31 assessed value of properties reassessed using the information
32 technology systems and software identified in paragraph (4) of
33 subdivision (f).

34 (3) The total value of the supplemental assessments levied
35 pursuant to subparagraph (C) of paragraph (1) of subdivision (f),
36 using program funds and county matching funds. If applicable,
37 the Department of Finance shall separately report the value of the
38 supplemental assessments levied using the information technology
39 systems and software identified in paragraph (4) of subdivision
40 (f).

1 (4) *The increase in assessed value of properties reassessed*
2 *pursuant to subparagraph (D) of paragraph (1) of subdivision (f),*
3 *using program funds and county matching funds. If applicable,*
4 *the Department of Finance shall separately report the increase in*
5 *assessed value of properties reassessed using the information*
6 *technology systems and software identified in paragraph (4) of*
7 *subdivision (f).*

8 (5) *The increase in assessed value associated with escaped*
9 *assessments enrolled pursuant to subparagraph (E) of paragraph*
10 *(1) of subdivision (f), using program funds and county matching*
11 *funds. If applicable, the Department of Finance shall separately*
12 *report the increase in assessed value associated with escaped*
13 *assessments enrolled using the information technology systems*
14 *and software identified in paragraph (4) of subdivision (f).*

15 (6) *The increase in assessed value associated with properties*
16 *reassessed pursuant to subparagraph (F) of paragraph (1) of*
17 *subdivision (f), using program funds and county matching funds.*
18 *If applicable, the Department of Finance shall separately report*
19 *the increase in assessed value associated with properties*
20 *reassessed using the information technology systems and software*
21 *identified in paragraph (4) of subdivision (f).*

22 (7) *The number of assessment appeals successfully responded*
23 *to pursuant to subparagraph (G) of paragraph (1) of subdivision*
24 *(f), using program funds and county matching funds, and the*
25 *amount of assessed value retained on the roll as a result. For*
26 *purposes of this paragraph, “successfully responded to” means*
27 *the assessment appeals board did not reduce the assessed value*
28 *to that claimed by the appellant.*

29 (8) *The increase in assessed value associated with property tax*
30 *audits pursuant to subparagraph (H) of paragraph (1) of*
31 *subdivision (f), using program funds and county matching funds.*
32 *If applicable, the Department of Finance shall separately report*
33 *the increase in assessed value associated with escaped assessments*
34 *enrolled using the information technology systems and software*
35 *identified in paragraph (4) of subdivision (f).*

36 (9) *The increase in assessed value associated with the discovery*
37 *of previously unassessed property pursuant to subparagraph (I)*
38 *of paragraph (1) of subdivision (f), using program funds and county*
39 *matching funds. If applicable, the Department of Finance shall*
40 *separately report the increase in assessed value associated with*

1 *escaped assessments enrolled using the information technology*
2 *systems and software identified in paragraph (4) of subdivision*
3 *(f).*

4 *(10) An estimate of the countywide property tax revenue*
5 *resulting from the assessed valuation increases identified pursuant*
6 *to paragraphs (1) to (9), inclusive, and paragraphs (8) and (9).*

7 *(11) An estimate of the countywide property tax revenue that*
8 *was retained as a result of the appeals workload identified in*
9 *paragraph (7).*

10 *(12) An estimate of the amount of revenue identified in*
11 *paragraphs (10) and (11) that accrued to the following entities:*

12 *(A) K-12 school districts.*

13 *(B) California Community College districts.*

14 *(C) County Offices of Education.*

15 *(13) A determination as to whether the program succeeded*
16 *according to the criteria specified in paragraph (3) of subdivision*
17 *(a), and a recommendation as to whether the program should be*
18 *continued in its current form, expanded to include additional*
19 *county assessors' offices, or terminated in the 2017–18 fiscal year.*

20 *(l) The Legislature finds and declares there is a compelling*
21 *public interest in allowing the Department of Finance to implement*
22 *and administer the provisions of this section as expeditiously as*
23 *possible, and to thereby accelerate countywide equalization efforts.*
24 *The Department of Finance is therefore exempt from the provisions*
25 *of the Administrative Procedure Act (Chapter 3.5 (commencing*
26 *with Section 11340) of Part 1 of Division 3 of Title 2 of the*
27 *Government Code) for the express purpose of carrying out the*
28 *duties in this section.*

29 *SEC. 90. Section 1112 of the Unemployment Insurance Code*
30 *is amended to read:*

31 *1112. (a) Any employer who without good cause fails to pay*
32 *any contributions required of him or her or of his or her workers,*
33 *except amounts assessed under Article 8 of this chapter, within*
34 *the time required shall pay a penalty of ~~10~~ 15 percent of the amount*
35 *of those contributions.*

36 *(b) Any employer required to remit payments by electronic*
37 *funds transfer pursuant to Section 13021, who without good cause*
38 *remits those amounts by means other than electronic funds transfer*
39 *shall pay a penalty of ~~10~~ 15 percent of the amount of those*
40 *contributions.*

1 (c) *The changes made to this section by the act adding this*
2 *subdivision shall apply on and after July 1, 2014.*

3 SEC. 91. *Section 1112.5 of the Unemployment Insurance Code*
4 *is amended to read:*

5 1112.5. (a) Any employer who without good cause fails to file
6 the return and reports required by subdivision (a) of Section 1088
7 and subdivision (a) of Section 13021 within 60 days of the time
8 required under subdivision (a) of Section 1110 shall pay a penalty
9 of ~~10~~ 15 percent of the amount of contributions and personal
10 income tax withholding required by this report. This penalty shall
11 be in addition to the penalties required by Sections 1112 and 1126.

12 (b) For purposes of subdivision (a), the amount of contributions
13 and personal income tax required by the report of contributions
14 shall be reduced by the amount of any contributions and personal
15 income tax paid on or before the prescribed payment dates.

16 (c) *The changes made to this section by the act adding this*
17 *subdivision shall apply on and after July 1, 2014.*

18 SEC. 92. *Section 1114 of the Unemployment Insurance Code*
19 *is amended to read:*

20 1114. (a) Any employer who, without good cause, fails to file
21 within 15 days after service by the director of notice pursuant to
22 Section 1206 of a specific written demand therefor, a report of
23 wages of each of his or her workers required by this division, shall
24 pay in addition to other amounts required, for each unreported
25 wage item a penalty of ~~ten~~ twenty dollars ~~(\$10)~~. (\$20).

26 (b) Any employer required by this division to file a report of
27 wages of each of his or her workers on magnetic media as
28 prescribed by subdivision (f) of Section 1088, who, without good
29 cause, instead files a report of wages on paper or in another form,
30 shall pay in addition to other amounts required, for each wage item
31 a penalty of ~~ten~~ twenty dollars ~~(\$10)~~. (\$20).

32 (c) *The changes made to this section by the act adding this*
33 *subdivision shall apply on and after July 1, 2014.*

34 SEC. 93. *Section 1126 of the Unemployment Insurance Code*
35 *is amended to read:*

36 1126. (a) If any employing unit fails to make a return or report
37 as required under this division, the director shall make an estimate
38 based upon any information in his or her possession or that may
39 come into his or her possession of the amount of wages paid for
40 employment in the period or periods for which no return or report

1 was filed and upon the basis of the estimate shall compute and
2 assess the amounts of employer and worker contributions payable
3 by the employing unit, adding thereto a penalty of ~~40~~ 15 percent
4 of the amount of contributions.

5 *(b) The changes made to this section by the act adding this*
6 *subdivision shall apply on and after July 1, 2014.*

7 SEC. 94. Section 1127 of the Unemployment Insurance Code
8 is amended to read:

9 1127. (a) If the director is not satisfied with any return or
10 report made by any employing unit of the amount of employer or
11 worker contributions, he or she may compute the amount required
12 to be paid upon the basis of facts contained in the return or reports
13 or may make an estimate upon the basis of any information in his
14 or her possession or that may come into his or her possession and
15 make an assessment of the amount of the deficiency. If any part
16 of the deficiency is due to negligence or intentional disregard of
17 this division or authorized regulations, a penalty of ~~40~~ 15 percent
18 of the amount of the deficiency shall be added to the assessment.

19 *(b) The changes made to this section by the act adding this*
20 *subdivision shall apply on and after July 1, 2014.*

21 SEC. 95. Section 1135 of the Unemployment Insurance Code
22 is amended to read:

23 1135. (a) Assessments under this article become delinquent
24 if not paid on or before the date they become final pursuant to
25 Sections 1036, 1221, 1222, and 1224. There shall be added to the
26 amount of each delinquent assessment a penalty of ~~40~~ 15 percent
27 of the amount thereof exclusive of interest and penalties.

28 *(b) The changes made to this section by the act adding this*
29 *subdivision shall apply on and after July 1, 2014.*

30 SEC. 96. Section 1585.5 of the Unemployment Insurance Code
31 is amended to read:

32 1585.5. (a) The director shall estimate the amount of penalties
33 and interest collected by the department pursuant to Division 6
34 (commencing with Section 13000) relating to the withholding of
35 personal income tax and shall transfer such amount to the Personal
36 Income Tax Fund on a quarterly basis.

37 *(b) For the 2014–15 fiscal year, the quarterly transfer to the*
38 *Personal Income Tax Fund pursuant to subdivision (a) is*
39 *suspended.*

1 *SEC. 97. Section 2 of Chapter 469 of the Statutes of 2002 is*
2 *amended to read:*

3 Sec. 2. There is hereby appropriated the sum of one hundred
4 thousand dollars (\$100,000) for each fiscal year from the General
5 Fund to the ~~California State Military Museum~~ *Military Department*
6 for the establishment and operation of the ~~museum and resource~~
7 ~~center specified~~ *California State Military Museum and Resource*
8 *Center described in Section 179 of the Military and Veterans Code.*

9 *SEC. 98. The amount of two million dollars (\$2,000,000) is*
10 *hereby appropriated from the General Fund to the Governor's*
11 *Office of Business and Economic Development on a one-time basis*
12 *to be used to draw down federal funding in support of the Small*
13 *Business Development Center Network Program. These funds shall*
14 *be available for encumbrance and expenditure until June 30, 2017.*

15 *SEC. 99. This act is a bill providing for appropriations related*
16 *to the Budget Bill within the meaning of subdivision (e) of Section*
17 *12 of Article IV of the California Constitution, has been identified*
18 *as related to the budget in the Budget Bill, and shall take effect*
19 *immediately.*

20 *SEC. 100. If the Commission on State Mandates determines*
21 *that this act contains costs mandated by the state, reimbursement*
22 *to local agencies and school districts for those costs shall be made*
23 *pursuant to Part 7 (commencing with Section 17500) of Division*
24 *4 of Title 2 of the Government Code.*

25 ~~SECTION 1. It is the intent of the Legislature to enact statutory~~
26 ~~changes relating to the Budget Act of 2014.~~